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# **NORTH KOREA behind the veil**

**Short stories &  
photo collection  
in color**

*What the mainstream  
media don't want you to see!*

Felix Abt,  
author of  
"A Capitalist in  
North Korea:  
My Seven Years  
in the Hermit Kingdom"



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# 1. AUTHOR AND PREFACE

## THE AUTHOR



I'm an entrepreneur. During my career, I have been developing and managing a variety of businesses in different countries. I worked as a senior executive at multinational corporations such as the ABB Group, a global leader in automation and power technologies, the F. Hoffmann-La Roche Group, a global leader in healthcare, and the Zuellig Group Inc., a leading Asian distribution and trading group. I also worked with smaller and medium-sized enterprises, in both mature and new markets, including Vietnam and North Korea. I was also privileged to have had the opportunity to strengthen my expertise as an investor and director of multiple companies. Thus far, I have lived and worked in nine countries on three continents. I went abroad to learn and observe, not to pass judgment and not to propagate my personal views or to lecture – or even “liberate” – other people.

Furthermore, I'm glad I could gain experience in [capacity building](#), for example as co-initiator and director of the first business school in (of all places) Pyongyang, North Korea. I also [lobbied](#) (against all odds) as president and co-founder of the European Business Association Pyongyang, the very first foreign chamber of commerce in North Korea.

My book *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom* echoes my experiences there. It was both the most exciting and the most challenging period of my career. It was also highly rewarding to witness firsthand, and sometimes even contribute to, MANY FIRSTS that nobody would have expected from the world's most isolated, under-reported and misrepresented country:

The first fast food restaurant selling 'happy meals', the first café selling Western gourmet coffee, the first miniskirts and high heels, the first Mickey Mouse and Hello Kitty bags, the legalization of markets and advertising, the first North Korean debit card (with which I went shopping), the first technocrats instead of party committees, running state-enterprises, a foodstuff company's first robot

(made by ABB, a multinational group whose chief representative I was in Pyongyang), a multiplication of all sorts of small private business, a massive expansion of private slope farming, the emergence of a fast growing middle class and a drop in poverty, cosmetic surgery in the capital (even though it was illegal), people watching foreign movies and reading foreign books (despite censorship), the first business school (which I co-founded and ran), the first e-commerce (set up by North Korean painters and myself, selling their paintings around the globe), the first North Koreans dancing Rock 'n Roll (with me), the first foreign chamber of commerce (which I co-founded and chaired), the first North Korean enterprise (a pharmaceutical factory which I ran as CEO) winning contracts in competitive bidding against foreign companies, the first quality pharmacy chain (which I launched), the first software joint venture company exporting award-winning medical software (which I co-founded) and many more.

## **PREFACE: THE DRIVER BEHIND THIS COUNTER-NARRATIVE**

North Korea has been portrayed for decades as a monolithic gulag network filled with slaves and a hellhole by the mass media. The socio-economic changes North Korea has undergone over the last decade or more have been almost entirely unreported. Indeed, by the beginning of 2017, mass starvation had long ceased, while more and better-assorted markets emerged throughout the country (and yet you're still reading that "North Korea's regime is starving its population"). Fewer people are punished for political crimes than in the past (but you still read that three generations of a family are sent to the gulag for the slightest political crime). The rising middle class has been transforming the rigid old political class system since marketization has enabled people from lower classes to build their own business, with some becoming rich and even more influential than many party and government officials from the privileged "core class," something prohibited two decades ago. Yet, you're still told by the media that a North Korean's fate is solely defined by the social "caste" he belongs to and so on. Business people around the world have had no access to any news of positive progress, while any stories of "normal" development are generally considered not to be newsworthy by the media.

Alas, the strangulating economic embargo which was imposed later in 2017, a de facto collective punishment, is bound to reverse this progress, causing enormous and unnecessary suffering to the North Korean people. I will come back to this later.

Despite my firsthand knowledge and insights gleaned from my time in this

isolated country, my views have been largely ignored by the mainstream media. The reason for this, I believe, is because I have tried to be as fair and objective as possible, instead of merely trashing the country as I've been expected to. Furthermore, I belong to a suspicious minority of people perceived as regime sympathizers and apologists for being in favor of engagement and diplomacy to bring North Korea in from the cold and help make it a more "normal" country and a much better place to live for its population, instead of favouring methods of coercion, demonization, economic and/or military warfare which my detractors seem to prefer.

In the case of North Korea, perceptions became reality, and these perceptions were engineered by a media industry which is largely partisan and sensationalist, seemingly in desperate need of clicks. As a result of inflexible conditioning by the media, many consider any form of engagement as helping to "prop up an evil regime". It's beyond their imagination that the nature of a regime can evolve and change. While some forms of engagement and business operations in North Korea may be seen to support the regime, it, more importantly, helps to transform it. The confirmation of the potential success of this approach can be clearly seen in the emergence of China and Vietnam, which was precisely because of such a strategy and of the opening of business to outsiders.

Advocates of banning tourism, for one, claim it directly supports the regime and enables its nuclear program. Whereas a smaller portion of the tourism revenue does end up in the government's coffers, it more importantly supports tens of thousands of North Korean jobs, and behind them many more family members and relatives living on the income from these jobs: drivers, tour guides, hotel workers, restaurant workers, postcard sellers, families making and selling souvenirs, cookies and so on. It also extends human contact to the deeply isolated state and its population. And since Westerners and North Koreans have negative perceptions of one another, a chance for these two groups to have an outdoor picnic or play badminton together, as some Western tourists have done, is undoubtedly beneficial for nurturing openness and changed attitudes.

*Tweet by an activist calling for boycott of tour operators Koryo Tours and Uri Tours which used to bring most Western tourists to North Korea:*

A screenshot of a tweet from Joshua Stanton (@freekorea\_us) posted on January 17. The tweet text is: "@KoryoTours @uritoursnk supports proliferation &amp; crimes against humanity. delivers hostages to Kim Jong-un. #boycott english.yonhapnews.co.kr/northkorea/201...". The text is displayed in a light blue background with black text.

Judge for yourself how much I propped up the regime:

My North Korean workers and I imported and produced safer, effective and more affordable medicine. Our efforts must have helped to save numerous lives of ordinary people, rather than the elites, as they had access to expensive, imported brand pharmaceuticals instead. This was significant, as the lack of medicine must have killed more ordinary people than food shortages during the last fifteen years. It's because the partial privatization of the food production eased food shortages and prevented a second occurrence of mass starvation, whereas the state's health sector, which [crumbled](#) in the nineties, hadn't recovered by then. To give you another example, safer mines thanks to "our standards" and better equipment I sold must have saved many miners' lives – and not those of the elites since they don't work in mines. On behalf of the ABB Group, a global leader in power technologies, I also worked on projects to distribute power to provinces far from the privileged capital aimed at helping the populace to rise from poverty.

I also [introduced a course on Corporate Social Responsibility \(CSR\) at North Korea's first business school](#) for executives. Factory bosses learned that they could only become eligible to function as part of multinational supply chains if staff were correctly remunerated and treated and if the production was environment-friendly. Italy's communist newspaper *Il Manifesto* scolded the North Korean government for embracing capitalism – responsible capitalism I should add – when it let me set up this business school.

As president of the European Business Association, the first foreign Chamber of Commerce in North Korea, I lobbied for a level-playing field for all businesses, Korean and foreign, state and private, for reforms and developing a law-based state.

Engagement by business people, diplomats, aid workers and even tourists mark and change North Korean minds and behavior patterns. These activities directly promote reforms, as I have experienced myself. When you're present, you have a better idea of what North Koreans are up to and how you can influence them. Mao Zedong, called in the past "humanity's worst butcher," had been demonized like North Korea's leaders. But a conservative U.S. president stretched out his hand and normalized relations between the U.S. and China. This move helped lift hundreds of millions of Chinese out of poverty. It also provided more freedom for ordinary Chinese people, such as traveling and working abroad. Seventy years of isolating, throttling and cornering North Korea haven't helped to open it up, or make lives easier for its population. All it did is help make a



besieged regime more paranoid and use more of the country's very limited resources for its self-preservation. How much more time is needed for an approach other than the failed one? Namely, for a peace treaty and normalization at long last, like in China's, Vietnam's and Cuba's case?

Even among the most enlightened among my friends, I run against walls when it comes to North Korea. They just start regurgitating the propaganda they have received all their life and are unable to see the situation as an ongoing conflict that has been sustained for seven decades. I owe it to the North Korean people to shed some light beyond the demonization and stereotypes people outside their country are exposed to every day. That's why I'm publishing this. Despite the extreme bias of the Western press and its lack of objectivity and fairness when reporting on North Korea, I would still prefer to refrain from calling the Western press "fake news." If I did I would be contributing to undermine the media which I still consider an important albeit damaged pillar of open societies. But to make sure the experience and insight by an outlier (largely ignored and de facto "censored" by these media outlets) reaches everyone interested in it, I'm publishing this for free. I thank you, dear reader, for recommending it to others and for your civil feedback.

[Felix Abt](#),

October 2017

## **2. NORTH KOREA BEHIND THE VEIL**

Visiting foreigners are always accompanied by two North Korean guides from the moment they step off the plane in Pyongyang, until the end of their tightly predefined program.

However, as a resident foreign “capitalist,” I could walk and drive alone 24/7 in the capital and could even travel alone to the port city of Nampo. Resident foreigners were allowed to freely circulate without minders within a 35 km radius of Pyongyang. I often took a stroll in Pyongyang and explored almost every corner of the city with the exception of the “forbidden city”, an area reserved for senior officials and their families. I walked into restaurants where I was sometimes welcome and sometimes complimented out of the door. I caught glimpses through windows, into living rooms where I could see the portraits of the leaders on the wall and items such as Hello Kitty bags, floor mats and musical instruments. I saw scenes of young couples whispering to each other along dark streets.

Free traveling beyond the 35 km radius wasn’t allowed and required a permit. It usually took two to three days to obtain it. In my case it was more a formality as I had enough good professional reasons to travel outside the capital. I took technical staff with me and sometimes a driver or went with local business partners. The first time I traveled eastward towards the Chinese border I insisted on driving the car myself. I had some experience driving in narrow streets covered with ice and snow in the Swiss mountains in winter but driving in the North Korean mountains was unique and made my adrenaline and heart beat rise to a level like on no other journey before.



*Villages far from the privileged capital Pyongyang*

Some smartasses who have never been to North Korea accused me of being gullible and manipulated, and telling me over social media and in book reviews that what I experienced was all choreographed by the regime.



*A harmless glimpse into real life in North Korea that I was privileged to have, something which people outside the country believe is always highly orchestrated in front of spectating foreigners. Something went wrong here that made these ladies in high heels run. And no, I wasn't evacuated from the scene...*

On my journeys across the country I did see broken bridges, streets with deep potholes, non-functional power grids, shops with little to sell and poor villagers. Perhaps surprisingly, the “regime” didn’t mind me seeing the bad things they would never have included in their glossy propaganda literature. On the contrary, they expected solutions to their problems and one of my favorite projects to work on was minimising the considerable loss of power in the process of generating, transforming and distributing it across the country – to enable villagers to have more power, an unavoidable precondition needed to enable a rising out from poverty. Perhaps thanks to my multi-faceted activities I

was privileged to come across many people from different walks of life such as electrical engineers, farmers, factory workers, miners, doctors and teachers – and very seldom good actors and choreographers.



Also, there were many unplanned encounters like this spontaneous, friendly invitation by ordinary North Koreans offering beer and food to me and my wife Huong (sitting on the floor) during a national holiday, as above picture shows.



### 3. THE BEAUTY OF YOUTHFUL INNOCENCE

#### MY DAUGHTER'S FIRST PLAYMATES



As you can see my daughter's first playmates were North Korean kids. Her first care takers and teachers at her nursery and kindergarten were North Koreans too. Local kids and foreign kids have a good time together when they get a chance to meet. Foreign kids and local teachers also interact nicely.





Wherever I took her, people were curious, friendly and caring.



With so much attention and affection given to her, she obviously enjoyed her time in North Korea.

## **NORTH KOREAN KIDS**

Sure, North Korean kids had a different school curriculum than my daughter, filled with much more ideology about the greatness of the country, its leaders and its history – something North Korea’s critics would call “brain washing.” Not only were they taught that Kim Il Sung, the founder of the Democratic People’s Republic of Korea, which is the official name of North Korea, was the father of all Koreans, but also that they should be prepared to fight the “sworn enemy,” namely the United States. The two countries are technically still at war since the Korean War ended in a 1953 ceasefire, while the U.S. refuses to sign a

peace treaty, brushing away North Korea's many requests to normalize relationships over the years.

During my seven years in North Korea it was inevitable that I had many encounters, planned and unplanned, with North Korean families. I was particularly happy to see kids of my employees looking healthy, well-fed and well-dressed. When they fell sick, we offered them free medicine.

Here are some of my impressions:



While I walked in the street these boys passed by and greeted me with a loud "Hello" followed by some giggling.



Handshake with one of my employees' son.



Kids I observed in the streets.





Brother and sister playing Badminton together.



These kids were benefitting from a privately owned roller skating business from which they rented the skating gear.



Families in North Korea love their kids, too. I captured this at a wedding party.



This intelligent-looking girl made it to a prestigious Pyongyang middle school which is known for its demanding entrance criteria.





Extracurricular activities for students included, for example, the visit at a Grand People's Study House (a vast public library) in Pyongyang or at one of the provincial capitals. The one in the capital (pictured), so I have been told, has millions of books. I've visited its large reading rooms, class rooms, intranet rooms, and was surprised by one room that was full of late-'80s cassette recorders and cassettes. The most impressive thing I came across was its system of conveyor belts which can deliver books in seconds.

I used to give literature to the study house covering medical science, IT, power generation, mining among other subjects.



*Together with two managers of the Pyongyang Grand People Study House on its rooftop overlooking Taedong river (with the Juche Tower in the background).*



Children are raised with a “soldierly spirit” and are expected to behave correspondingly. These kids must have left that spirit behind them for a while as they spontaneously took a bath on a hot summer day at this public square right in the center of Pyongyang, close to Kim Il Sung Square and government buildings. Adults walked by but didn’t scold them. They probably had a good excuse ready if someone had excoriated them during a self-criticism session for not putting the kids right: they could have referred to the “Eternal President” Kim Il Sung who had said: “Children are the future and we should treat them as kings!” I was the only foreigner who happened to walk by and took the opportunity to shoot a picture of these rascals.

## **INTERNATIONAL CHILDREN’S DAY**





On international children's day, proud parents were invited to see their kids perform and play at kindergarten. I and another foreigner happened to be around quite accidentally and could join the party at this kindergarten without a formal invitation, which was rather unusual. The kids were neatly dressed and looked well-nourished and even had a big apple. It was at Kim Jong Suk kindergarten, obviously a place for children of better-off Pyongyang citizens. It was also much

better than my daughter's "international" kindergarten.

I have visited other kindergartens in the country, which looked very different and where I didn't see kids with big apples (perhaps because I didn't visit on international children's day). When I asked the director of another kindergarten why hers didn't have the same high standard, she answered that "Kim Jong Suk is a model kindergarten and we strive to become like it some day." Christopher Reeve came to my mind who said: "Once you choose hope, anything is possible."

## 4. THE FLOWERS OF THE NATION

“Women are flowers. Flowers for life. Flowers that take care of the family.” – Words from a popular folk [song](#) in North Korea.

In my book *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom* I have dedicated a whole chapter to North Korea’s women. The “flowers of the nation” as they are called were also the hardest workers of the nation. I often saw women performing heavy labor, such as erecting buildings, paving countryside roads and carrying around heavy construction equipment. Men, on the other hand, worked as supervisors and mostly watched from a distance.

Let me share some of my impressions with you:

### THE DRIVING FORCE IN AN EMERGING MARKET

Unlike in other socialist countries, North Korean women were much less integrated into the work process. A very high percentage stayed at home and were housewives. When the socialist Public Distribution System was no longer able to feed the people in the late nineties, men still were obliged to go their workplace, even when factories stood still during those crisis years. But they were no longer able to feed their families. Women then became the family’s breadwinners by turning to trade, services and small scale manufacturing. To move goods through the emerging “black” markets, they started using bicycles which also became a status symbol.





Their social role changed dramatically: since they earned the money they gained more power and respect in their families and have earned a higher social prestige. It has also caused some frustration among men who weren't able to cope with their loss of power.



The informal markets that sprung up all over North Korea were first small but became larger and much better assorted over time. At the beginning they were only tolerated and years later started being legalized and regulated by the authorities. They have mostly been run by women.



North Korean women are just as confident as their sisters in the south.





Together with a friendly, singing waitress and, what sober and drunk men would only learn when misbehaving, a taekwondo black-belt.



Friends joking and having fun together.

### **WHO'S IN CHARGE?**

Couples may not be so different from those in other parts of East Asia.



In this case, it's clear the wife shows a recalcitrant husband the way, something I have observed in other Asian countries as well.

### **ONE-CHILD FAMILIES?**

There is no one-child policy in North Korea. On the contrary, couples are encouraged to have more than one child.





And that's why my request to import and sell contraceptives was rejected. Yet, like elsewhere in the world, there has been a clear trend toward smaller families, while one-child families have become frequent.

## **CONFUCIAN TRADITION**

Far-reaching economic and social changes has meant that the traditional Confucian role of North Korean fathers has started changing too. While Western culture promotes individuality, the family unit is important in Korean culture. This emphasis on collectivity includes an obligation to provide for the welfare of family members. North Korean men had been the breadwinners until the nineties and have dominated the family, deciding how money was spent, on the size of their family, the way children are raised and educated, all within the limits set by the political system.



As more women become breadwinners with money and power concentrated in their hands, these traditional Confucian roles are not as pervasive as before, as evidenced by the rise in divorces in recent years.

### **THE NEXT GENERATION OF WOMEN**

As a consequence of economic and social changes, her future will most likely be brighter than her mother.



She won't live in poverty (provided sanctions will be removed within the next few years) and will have more career opportunities. She will be more respected by men, not only by her dad, but also by her future husband.

### **NO WOMEN'S POWER IN NORTH KOREA?**

A rare female CEO (in blue) that stands her ground in a male dominated society.





I was impressed by her business talent and drive. Indeed, she is successfully running a small conglomerate of businesses ranging from eyeglasses to restaurants, to retail outlets and art galleries.

### **A FEMALE PROFESSIONAL**

This charming young lady told me she decided to make a career in selling “cool” motorbikes.





I almost bought one.

## **THE POWER OF HUMOR**

Another lady made it to a top position in the government. I met Ms Han Kwang Bok, North Korea's first female deputy prime minister, a number of times. She is an electronic engineer who graduated from Kim Chaek University of Technology.



I was impressed by her intelligence, charm and extraordinary humor. Indeed, she could (and did) out-think many men.

## **HALF THE SKY**

Mao Zedong said that “women hold up half the sky” and these “flowers of the (North Korean) nation” certainly do more than their fair share, running the family and many businesses as well as helping me make a success of my seven years there.

It was like an unwritten rule in North Korea: a company’s chief financial officer and the chief accountant had to be a woman. Companies appreciated their loyalty, honesty and dedication to their work. In addition, I also appointed women in my company to other crucial positions such as head of sales department, head of pharmacies, head of distribution and head of quality control.





Women with managerial functions at my company.

The picture below shows some of my female staff celebrating international women's day with me.



## 5. A CHANGING NORTH KOREA BEYOND YOUR IMAGINATION

### WHEN CAPITALISM CAME TO NORTH KOREA

*How a Chinese businessman helped spark North Korea's pharmaceutical industry.*

*(This piece was first published by [The Diplomat magazine](#) in June 2016)*

As one of the first business people to represent multinational groups and smaller organizations in North Korea, I was involved in the negotiation of well over a dozen joint ventures, most of which didn't materialize: the production of transformers and electric cables to give a boost to North Korea's dilapidated power grid; milk powder and dairy production to enable malnourished kids to have a daily glass of milk – sponsored by foreign donors; and even e-commerce to help North Korean painters sell their beautiful paintings across the globe.

Of course, setting up businesses in emerging and frontier markets isn't for the faint-hearted. And capital is a shy animal which doesn't want to be invested in a highly unpredictable and risky environment full of legal and other uncertainties. I warned the few daring investors that spectacularly large projects often lead to spectacular failures and recommended that they instead set up smaller projects with capital disbursement over a longer period and encouraged them to maintain control of imported key components for their manufacturing ventures as a way of minimizing the inherently high risks.

This cautionary approach was based on my past experience with other demanding emerging markets. But North Korea, with an opacity even greater than China and Vietnam when they had first opened up, was the toughest place of all. It had very much to do with significant philosophical differences from the other socialist countries, which had started reforms decades earlier. Of all the socialist countries North Korea came closest to Karl Marx's communist ideal: it became the most demonetized country in our lifetime, providing all housing, education, food, healthcare, transportation, and so on completely free of charge.



Apart from Cuba, North Korea was also the country that received the most aid from other socialist countries. When North Korea's socialist trading partners and benefactors, in particular the Soviet Union, collapsed in the nineties, its entirely state-planned economy and public distribution system largely collapsed too. It triggered a famine resulting in many North Koreans starting small-scale private trading activities to survive and to make a living and other, mostly Western donors stepping in to provide food and medicine for free.

A few years later, when I settled down in Pyongyang, it felt like a cultural shock for the North Koreans. They had grown accustomed to foreigners coming to their country simply to donate goods for free, but had never before seen foreigners set up and run businesses for profit.

As the CEO of North Korea's first pharmaceutical joint venture, I was initially not allowed to set up a sales department and to do advertising for our products and services, a practice that was then considered anti-socialist. "In our country, companies don't have sales departments and advertising is against the law" was one of the explanations given to me. I replied that the foreign investors would not be prepared to continue to pump money into a loss-making enterprise and that if business practices could not be changed in a way as to make it sustainable thanks to decent profits, it would be shut down.

To prevent this from happening, changing minds and behavior patterns became an almost Herculean challenge. To get advice and support I reached out to a pioneer in China's pharmaceutical industry, who went through a similar experience in China just after its Cultural Revolution.

During the Cultural Revolution, he was radically demoted to the factory's most toxic production area. After that hazardous and depressing period was over, Henry Jin was reinstated as head of Shanghai Pharmaceuticals, one of China's largest medicine producers. His re-emergence coincided with the dawn of China's transformation from a state planned economy to a more market-driven one. This induced the first foreign investors to arrive, and soon multinational pharmaceutical giant Bristol Myers Squibb was knocking on Shanghai Pharmaceuticals' doors. Recognizing his outstanding competence, the government appointed Henry to set up the first pharmaceutical joint venture in Shanghai with this American company.

As Henry explained to me, what started off as promising soon became wrought with challenges. For one thing, the American majority investors did not simply want land use rights for the new factory, but also demanded a substantial cash

infusion from the Chinese partners. At the end of a meeting with senior officials chaired by Shanghai's mayor Jiang Zemin (who later became China's president), the mayor asked if anyone had questions or remarks. Henry raised his hand: "I'm tasked with setting up the first pharmaceutical joint venture. Some cash is required but all the banks I've contacted have refused to give us a loan as we don't have any collateral." Jiang boldly exclaimed: "I am your collateral!" And Henry got the necessary bank credits, overcoming the first of countless other hurdles during "a long march" to doing business in a modern and efficient way.

In North Korea, I felt quite lonely on the board and frequently found myself "provoking" and even angering my North Korean colleagues with ideas which, due to our completely different life experiences, seemed very strange to them.

Things became much easier for me when Henry accepted my invitation to serve as a director. He did not want any fee for his invaluable advice, but simply wanted to help this pharmaceutical enterprise succeed. Making safer, effective, and more affordable medicine for the North Korean people was his motivation. He was a contented octogenarian gentleman with a generous heart who had dedicated himself to charity since his retirement some years earlier. He became my best ally on the board and a dear friend. He wholeheartedly supported my business plans and patiently explained to the North Korean colleagues why things had to be done in the way I suggested.

While our North Korean friends preferred to talk about adding new production capacities – even as existing ones remained largely underutilized – Henry and I were advocating the need for setting up an effective marketing and sales organization, without which the company could not survive. Henry and I spared no efforts to convince our local partners of the unavoidable need to adopt new business practices.

To this effect we held board meetings in China and made sure our directors could meet and talk to Chinese colleagues while there. They were surprised to learn from directors of state companies that Chinese authorities were no longer interfering with day-to-day-business and were actually firing and replacing directors who failed to achieve targets, which included profits. North Korean factories, on the other hand, were then still micromanaged by a host of government agencies in the same style that Chinese enterprises had been run decades earlier.

As I was not only interested in developing the factory but also a wholesale, distribution and retail business, Henry tapped into his huge network and opened

doors for our North Korean board members and company managers to gain access to Chinese wholesale companies, distributors and pharmacy chains where they were even allowed to take pictures — something the hosts would never have allowed their fellow Chinese to do.

As an early bird, circumstances were totally against me. With the help of highly knowledgeable, empathetic Henry, who enjoyed enormous respect among all the North Koreans he met, the early heavy losses of the enterprise slowly turned into profits. Though he was short in terms of body height he was a giant as a humanist and he was convinced that strong human capital, or better still, a skillful staff, thanks to intense capacity building (training and exposure to international business practices), was more important for the good of all stakeholders than the company's fixed assets. I was happy that Henry saw the fruits of his efforts: ours became an award-winning North Korean team and the first to be recognized by the World Health Organization (WHO) for our [Good Manufacturing Practices](#) (GMP). Thanks to this we also became the first North Korean enterprise to win contracts against Asian and European rivals in competitive bidding.

It was plain to see for the North Koreans that our business approach worked well for all stakeholders and this inspired them. Pharmaceutical companies started knocking on our doors asking us to share our management and production expertise with them. Henry's charisma and leadership, and experiences during China's own economic transition, not only inspired our team but paved the way for North Korea's emergence in the pharmaceutical industry.



Henry Jin (4<sup>th</sup> left, standing) together with North Korean company executives, Chinese peers, and Felix Abt in Shanghai.

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(술파메목사졸+트리메토프림)

폐염

기관지

기관

폐

감염된 폐

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## 평스세라몰

(파라세타몰)

### 머리아픔의 형태

아름은 눈멀이 레퍼와 팔팔아 관에 위치하고 있다.	한쪽눈이나 그 두쪽아름	머리를 비로 조이는듯한 아름	아름, 구역, 식기 에 지참 지되는 관통통의 결함 적인 형태이다.
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### 월경전증후군의 예방

월경전 증상과 경, 운동중 불편하면  
월경전증후군의 증상을 일으킨다.

월경전증후군과 월경장애의 원인은 아직 밝혀지지 않았지만 심한 증상들이 생활방식의 변화와 연관되어있다고 보고있다.

이러한 증상들이 나타날 때에는 한 주일에 여러번 운동하고 규칙적인 식사를 하며 충분한 잠을 자는 등 생활방식을 바꾸어야 한다.

머리아픔과 같은 작은 아픔에는 평스세라몰과 같은 진통제로 치료하여야 한다.

### 평스세라몰은 :

- 머리아픔, 월경장애를 비롯한 각종 아픔을 즉시해 해소시키면서 열을 빨리 내리게 한다.
- 특히 12살아래의 어린이와 천식환자, 늙은이 그리고 아스피린과 다른 비스테로이드성항염증약에 금기증인 환자들을 위한 해열 진통약이다.

\*의사의 지시에 따라 약을 사용하십시오.

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*Our flyers, when advertising was not considered anti-socialist any longer.*

## **THE EMERGING MIDDLE CLASS AND THE DROP OF POVERTY**

For me, the nationwide sales statistics of my pharmaceutical company reflected best the thorough economic changes the country was undergoing, not the flawed North Korea statistics of the South Korean central bank or the largely speculative estimates by American economists specializing on North Korea. We sold both low-priced generics for low-income buyers as well as some more expensive imported pharmaceuticals for middle-income buyers. Though the demand for generics was steadily increasing over the years, which meant that more people could afford them. This stronger demand for quality pharmaceuticals was more striking and showed me that there was a middle class emerging with fast-growing purchasing power.



Indeed, I could see more and more people eating out in restaurants and more restaurants opening for them, more people were wearing nice clothes, bags shoes and watches and more consumers filling their shopping bags with all kinds of items at shops and markets.

## **THE EMERGING MIDDLE CLASS GO SHOPPING**



The Western media may portray North Korea as being stuck in the past but the last decade and half has seen many changes, including shopping with expats.

## **NORTH KOREA OUT OF THE DARK: THE STORY OF THE PYONGYANG BUSINESS SCHOOL**

*How a promising reform project brought good business practices to the world's most isolated country.*

*(first published by [38 North](#) on December 23, 2012)*



*Felix Abt (right) welcomes graduate students to a seminar at the PBS (Pyongyang Business School) under the watchful eyes of the country's leaders, Kim Jong Il and Kim Il Sung. The slight downward slant in their portraits creates an illusion that their eyes follow you everywhere in the room.*

Rumors in early 2002 of upcoming market reforms encouraged me to accept a job offer as the North Korea country director by the global engineering giant ABB. After settling down in Pyongyang and seeing problems such as poverty in the countryside and food shortages, I realized that business education could be a panacea to a massive black hole in North Korea's development. With no end in sight, the North had, since the 1990s, been heavily dependent on foreign humanitarian aid. This problem motivated me to think up a cost-effective way to make food security more reliable and sustainable. I wanted to accomplish this by trying to reactivate the idle enterprises that were supposed to feed millions of employees and their families through the public distribution system (PDS).

North Korean authorities, with whom I spoke regularly, were also aware that a healthy economy would ease the chronic shortages. They did not want to drag along with what they called a culture of aid dependence. Still, finding solutions to the problem was easier said than done. The isolated business environment, marked by restrictive UN sanctions and, more importantly, an engrained fear of doing business in this demonized country, made it difficult to help legitimate North Korean companies purchase badly needed spare parts and raw materials. No sponsor or investor would put up millions of dollars to pay for those

operations, especially in what they considered to be a risky market. We could, however, train managers to make the best out of the resources they already had.

With that in mind, I co-founded the Pyongyang Business School (PBS), which began trial seminars in 2004 and closed in 2010 after development assistance ended. At PBS, we tried to tackle one major problem: training North Korean executives who were familiar with receiving and executing orders in a centrally planned economy to take their own market initiative. To get their operations up to speed, they'd have to abandon much of the older draconian model, and become familiar with basic skills like accounting and controlling, marketing, supply chain management, and strategy.

That led me to draft the concept for a course geared toward managers, which contained the elements of most MBA degrees in other countries, but was aimed at experienced businesspeople. The school offered a one-year executive training program for 30 executives, about a third of whom were women. Every month it included a several-day-course. At the end of the program the participants earned a certificate. The school was standalone and not affiliated with any North Korean university, although it did report to the DPRK council of ministers, the North Korean version of government. I sent the idea to other groups that later became our sponsors: the Swiss government, a handful of multinational corporations, and the North Korean government.

Of course, our goal was never to foster a new business elite. We simply wanted to see North Korean managers optimize their practices, make hard currency earnings, and raise their businesses to a level fitting for international competition.

The North Korean government, on the other hand, was wary that we had an alternative agenda to subvert the political system. We put together pilot seminars to show that we, the Swiss initiators, had no strategic interest in North Korea. We wanted to demonstrate to the authorities that this was purely a business school, a provider of the hard skills that both private and state-run bodies needed. Whether they operated under a socialist or free-market system didn't matter.

We started with a very non-political subject, "Strategy and Strategic Management," and invited Professor Peter Abplanalp, a Swiss expert on business strategies, to hold a trial seminar. Peter had been working with Chinese educational institutions for many years; he was therefore sensitive to the similar political minefield that lingered in Pyongyang. Given his diplomatic tact, it was



not surprising that the Chinese central government awarded him the “Dunhuang Award” and the “Friendship Award.”[\[1\]](#) The latter is the highest honor given to foreign experts in China. It was thanks to him that we passed our first test with the North Korean government, and could get the school off the ground.

My main talking point in front of those wary North Korean officials was that the world’s then best airline, Singapore Airlines, was state-owned. In 2004, Singapore Airlines had been lauded in the finance newspaper *Euromoney*, as “the best managed airline,” and in the magazine *Travel & Leisure* as “the World’s Best International Airline.” We wanted to teach North Korean managers how to apply the same administrative know-how found in the Singaporean success story to North Korean businesses.

This Singapore anecdote could have been the motivation behind Air Koryo, to name one company, enrolling a senior manager in our business school. Another lure must have been my own activities representing since 2003 a number of multinationals in North Korea, which meant I was known in the DPRK business community. Local businesspeople saw this as a networking opportunity, and were interested in working with lucrative multinational corporations. The North Korean businesspeople and officials were also pleased that I could bring in knowledge from the outside world. That meant drawing on the resources of these companies such as easier access to know-how, investment, and foreign markets.

## **Nuclear Tests and Sanctions**

Unfortunately, the raucous world of international politics threw a number of wrenches into our plans. After the North’s first nuclear and missile tests in 2006, a number of multinationals and wealthy individuals changed their minds about sponsorship of the school. They feared getting caught in the middle of tightened sanctions and the bitter controversy that could ensue if they were perceived to be working with a “pariah” regime.

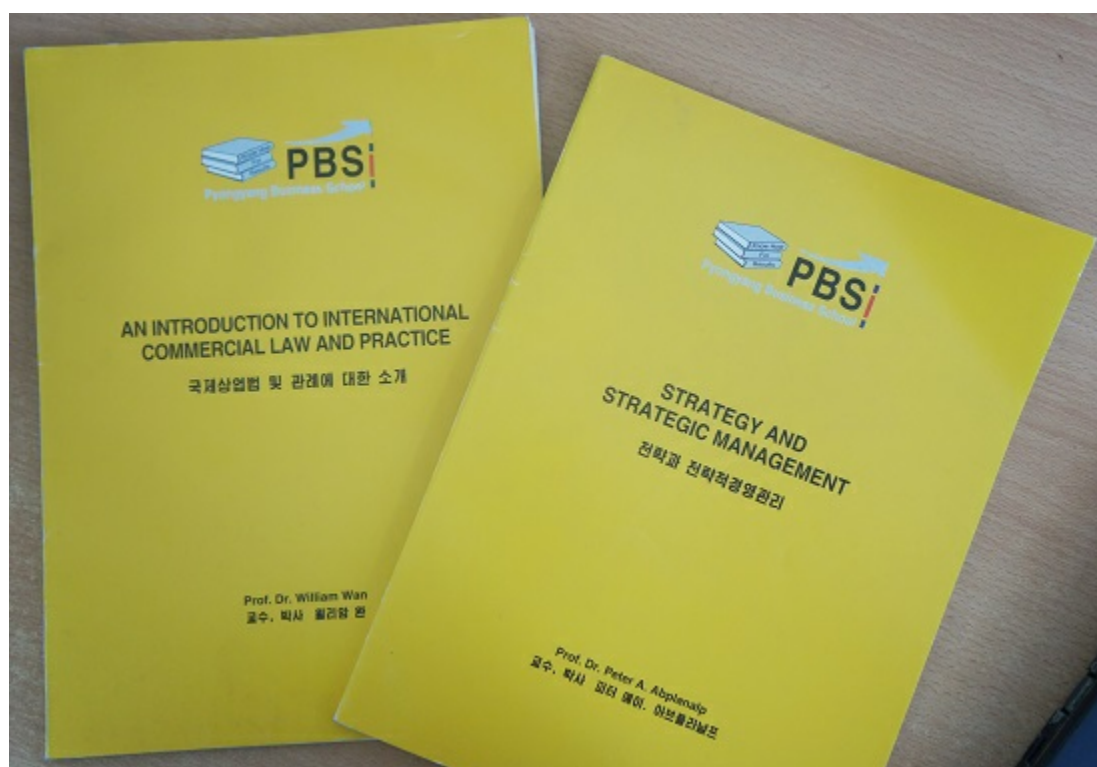
The project was in jeopardy, so I took extra pains to carefully select the lecturers. I mostly took on those with academic teaching backgrounds plus long-running business experience in Asia, in particular in China and Vietnam. As school director, I briefed them thoroughly on the sensitive political nature of their lectures, urging them, for instance, not to talk about South Korean *chaebols* (conglomerates) like Samsung and Hyundai. I often revised and sometimes censored their lectures and teaching materials accordingly.

Many of the teachers were high achievers in their respective industries. Most

were from Hong Kong, but others came from other parts of the world. For example, one teacher of international marketing was a senior vice president at ABB, and a pioneer in developing new markets around the world. Others came from business backgrounds in Europe and Asia, with long careers at ABB, Siemens, Sony, and Apple. Yet another was a Singaporean, head of the Asian logistics center in Asia of SKF, the world's largest bearing manufacturer. He was one of the world's foremost experts in supply chain management.

I also invited the Swedish ambassador to the DPRK (and, by training, an economist) to talk about the European Union and its markets, business, and investors. Dr. Heinz Suelmann, Director of Human Resources Asia Pacific and member of the executive committee at BASF Asia, the world's largest chemical corporation, must have been the first person ever to talk about modern human resources management in North Korea.

With this colorful blend of nationalities and backgrounds coming and going on short lecturing trips, it was clear we carried no political agenda. We were very pragmatic, not following a single ideology—as were our North Korean partners.



*Seminar booklets, pictured, spread management and business expertise across the country. The pages on the left were always written in English, while the pages on the right contained the Korean translation. This layout was highly popular among readers who were keen on improving their English language skills. It was common to see North Koreans reading these booklets at bus stops, in libraries, and in restaurants.*

In the mid-2000s, one joint New Year's Joint Editorial in the country's leading newspapers—where the next year's priorities are outlined—mentioned that companies needed a strategy. It was the first instance, to my knowledge, when the concepts of corporate strategy and strategic management had been raised in a North Korean editorial.

The Party, it seemed, had learned about our strategy seminar and recommended it through the press. This seminar, and others, had indeed previously been translated into Korean and then published in English and Korean. We had distributed them widely to ministries, academies, universities, and enterprises throughout the DPRK.

### **Sending Students into Business**

We placed several of our students in young business projects in North Korea. One became the head of the Korea Advertising Company, which was established in 2006. That year, the government-run Korea Central News Agency (KCNA) published a fascinating news item about the company. The article reported that the enterprise “which is doing commodity and trade advertising activities in a uniform way, makes and sets up advertising mediums of various forms and contents in streets, stadiums and international exhibitions and extensively advertising them through newspapers, TV and internet at the request of local and foreign industrial establishments and companies.”

*The Financial Times* quoted another graduate of the PBS, Kang Chun Il, who said that the course had helped him “set high aims for the high-technology service center he manages, which offers a digital imaging facility and electronic reading room.”



*Students became aware of the fact that not only did the smell or taste of a consumer good have to be right, but that packaging was also an important feature. Before we started the business school, products (left) were poorly marketed. But soon one student started creating appealing bottles (right) for his alcoholic drinks enabling him to sell them abroad.*

One of my finest students was in charge of a large Hong Kong-invested garment factory. The owners in Hong Kong told me that they were happy with their investment as the company had achieved a high level of competitiveness and that it became very profitable after its CEO was trained at the PBS. The company steadily increased its business volume over the following years and was able to hire more workers.

“Previously, I hardly met people, but now I am able to interact and build networks. Thanks to this I found a partner in Hong Kong who invests into the construction of a factory here.” “I did not know what a ‘break-even point’ is. Meanwhile I learned how to make profit and I analyzed the past 10 years of our business. This eventually helped me to manage a turn-around of our company.” *The above is testimony was offered by the heads of two North Korean companies who were students at the Pyongyang Business School (PBS), as to how they applied the lessons of PBS. Their statements were quoted by the Swiss governmental Development and Cooperation Agency in its “Asia Brief,” published in January 2011.*

I would sometimes bump into former students who, mostly with broad smiles, would happily tell me that they applied this or that lesson, which they had learned at the Pyongyang Business School, to their work. And with these lessons, they were able to increase productivity, reduce customer complaints, raise profitability, and so forth. The graduates and their companies seemed to have been energized thanks to the PBS, which was a good omen for an economy that had produced millions of jobless workers in the terrible crisis years of the 1990s.

## **The End of the Free Market Dream?**

My involvement with the Pyongyang Business School ended in 2010, when the school was about to close. By the following year, the market-driven idealism of those earlier years had withered. Seminars ceased to be held on a regular schedule after the only remaining sponsor, the Swiss government, halted all its development cooperation at the end of that year, following a decision by the Swiss parliament. That’s because a right-wing parliamentarian from the countryside—one with a rather trite worldview—persuaded the majority of the parliament that Switzerland should abandon working “with a totalitarian



dictatorship which does neither respect human rights nor agreements regarding nuclear weapons programs and which is destabilizing the region.”

From then on Switzerland limited its activities to humanitarian help such as supplying food. Basically, this meant that the government fell back into the fold of unoriginality that plagued the rest of Western aid organizations, a stance that was creating a “culture of dependence” for the North Korean people.

This experiment gave a push to at least a few North Korean businesses. Some of the students became change agents and pioneers in a business world stuck in the past, hopefully to the liking of Kim Jong Un, the country’s young new leader who may pursue reforms in the future.



*The photograph above shows my North Korean bank payment card, the size of my MasterCard, introduced by the bank run by a PBS-student. Credit cards, however, could not be used in North Korea: the country was (and still is) boycotted by credit card companies and international banks. But who knows where things are headed? Maybe one day North Korea will get its own PayPal!*

One visible change has emerged since PBS was in operation: local companies are getting more service-minded and mindful of market competition. There are, for example, two banks, fiercely competing with each other to get as many shops and restaurants to become their customers. PyongSu’s pharmacies, for one, are now all equipped with the devices allowing customers to pay by debit card. The bank that introduced debit cards to North Korea was headed by a graduate of the Pyongyang Business School. I only hope that other businesspeople will pick up where I left up, and that more of these market changes will come.

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[1] “The People’s Republic of China Friendship Award” is China’s highest award for “foreign experts who have made outstanding contributions to the country’s economic and social progress” according to Wikipedia (accessed on December 21, 2012). Abplanalp got the award for training economic trainers (“training the trainers”) mainly in the poor western Gansu province in the mid-

1990s. One of his former students is today's governor of the Heilongjiang province.

### Feedback:

Italian communist newspaper *Il Manifesto* was unhappy with the “*People's Republic*” embracing capitalism when it let Felix Abt run a business school which it expressed in an article.



In Corea del Nord, repubblica «popolare» grazie al mercato  
*Il Manifesto* (Abbonamento) - May 11, 2017  
... Pyongyang di comprendere e ingranare il funzionamento del mercato capitalista si è resa evidente sin dal 2004, quando lo svizzero Felix Abt ...

## A QUOTE OUT OF THE IVORY TOWER



(*Financial Times* headline screenshot)

“Kim Jong Un has decided to do something his father was afraid of — he has started introducing significant elements of the market economy,” says Prof. Lankov in the [Financial Times](#). He is one of the most prominent North Korea experts and I very much appreciate his expertise as a historian.



But no, Kim Jong Un's father started real reforms or how could I have done what's been so anti-socialist and strictly illegal before: advertising!

My customers could be seen walking in the streets with sales bags on which my company logo was printed. The company's posters, brochures and flyers could also be seen in hospitals and pharmacies across the country, and my company did a lot of advertising on the country's intranet.

But like his prolific peers and North Korea experts, Professor Lankov couldn't have known better since he wasn't there to see it with his own eyes.

Our company flyers which were distributed to doctors and pharmacists across the country.

**평스스피린® (아스피린)**



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Promotional posters set up in pharmacies and shops for our Aspirin, the first product I had registered under the brand name PyongSuSpirin®.

The person posing on the poster was one of our sales delegates, a medical doctor by training.





Our company's home page (image shows 1st trial version) on North Korea's intranet (with which we promoted our business, products and services and interacted with people across the country. More on this in *A Capitalist in North Korea*).



I had to run this company on an extremely tight operational budget which didn't include any advertising expenses at all.



For this reason I had to create all our promotional stuff in-house, together with a very talented young North Korean marketing assistant who later ran his own business, and sometimes with expats volunteering. For this promotional message

targeting foreign clients we were looking around in hospitals where we found a real doctor with a real patient that were meeting our “modeling” requirements.

My North Korean secretary and I in front of my company’s advertising poster, highlighting the fact that we were the first and only pharmaceutical company in North Korea to be recognized by the WHO and North Korea’s ministry of health as being in full compliance with the WHO’s Good Manufacturing Practices (GMP), a global pharmaceutical industry standard.



As president of the PyongSu Joint Venture company I was offering flowers on national holidays attracting attention by public and media and helping sell the company's products.





The flowers were exhibited among the flowers offered by the Ministry of Public Health and were the only flowers exhibited there by a foreigner. Apart from offering free medical information and advice by an outstanding medical doctor on our website on the country's intranet, this was the most effective PR (at a negligible cost) for us.





The first public advertising for cars. It targeted younger Koreans dreaming of driving a car some day; the older men walking below may have been dreaming of just riding a bicycle instead.



Posing outside Pyongyang's ice rink in front of advertising for Dunhill cigarettes.



I once organized a fact-finding mission for the Asia head of the Nestlé Group. Though the company hasn't undertaken any active marketing efforts in North Korea, a host of the world's largest food company's products were already sold in shops and markets. And Nescafé was available in shops as well. I asked these

two waitresses to pose for my camera with a bottle of Nescafé powder to see in this little experiment what an advertising campaign for this product in North Korea could potentially look like.

## **ADVERTISE OR DIE !**

Getting involved in advertising, brand building and e-commerce wasn't a Sunday stroll for me, in particular in a country where this didn't exist or was even illegal when I arrived.



As a co-founder and director of the first business school for executives in North Korea I was highly pleased when I saw a student of mine set up North Korea's first advertising company (see its self-promotion poster to the right of our poster). They helped North Korean companies make better flyers and brochures and participate at foreign trade fairs. From a North Korean point of view, it was quite a resounding break with the past.

## **A CULTURE OF BEER AND THE FAST FOOD CRAZE REACHES NORTH KOREA**

“Minced Meat Bread” (Hamburger), “Carbonated Sugar Water” (Coke) and Taedonggang beer. Here you go. Enjoy.”

“Geonbae!”

Early in 2000, North Korea's leadership decided the people needed more and better consumer goods. When the small Ushers brewery, founded in 1824, went bankrupt in Britain in 2000, North Korea was quick to buy their relatively modern, German-equipped brewery at a bargain price. It was shipped to Pyongyang and set up at the Taedong river, where its name comes from. Sanctions were then not as tough as today, so it was still possible to buy a brewery. The American icons Hamburgers and Coke were “Northkoreanized” and called “Minced Meat Bread” and “Carbonated Sugar Water.”



Soon, two competing factories started to produce drinks that tasted like Coke and whose bottles and name font looked similar to those made by the Coca-Cola Company. Minced Meat Bread and Carbonated Sugar Water were to become the next most popular food items in the coming years.

Things evolved and Taedonggang beer got more competition. Also, numerous mini breweries emerged across the country since the lack of vehicles and fuel still hampered a smooth distribution from Pyongyang to more remote provinces. Many restaurants (both state and private or rather semi-private) set up their own microbreweries with fancy names such as “paradise” and “peony” in Korean language. Restaurants were also scattered across the capital. There are even shacks with a few tables and where people are mostly standing inside, but which are often crowded with men drinking beer and other alcoholic drinks. With Beer and Soju, a clear, colorless distilled alcoholic beverage of Korean origin usually made of rice, often “Anju” is consumed, that is vegetable crisps, nuts, indigenous chili peppers and boiled chicken feet.

Juche Korea also started importing a variety of well-known foreign brand beers and hosted, for example, a one-month “Czech Pilsner” beer festival on its Rason coast. While currently, shops are selling a bottle of Taedonggang beer for 0.40 Euro, imported beers such as the Dutch Bavaria or the Japanese Asahi sell for 4,50 Euros. In this respect, North Korea has already joined the rest of the brand-crazed East Asia.

But those North Koreans who believe the good times have at last arrived and that



they would keep rolling will be disappointed: North Korea's major hard currency earners, responsible for up to 90% of its income, have been banned from being exported by the U.N. in September 2017 (more on this later). This means that once these "sanctions" are enforced, importers of barley, wheat and rice to produce beers and other alcoholic beverages – let alone branded products which are ten times more expensive – will not be able to access the hard currency needed to import these items any longer. Sadly, having a beer together with workmates or friends may soon indeed be an enjoyable habit of the past.

## THE HIGHLIGHTS AT TRADE FAIRS

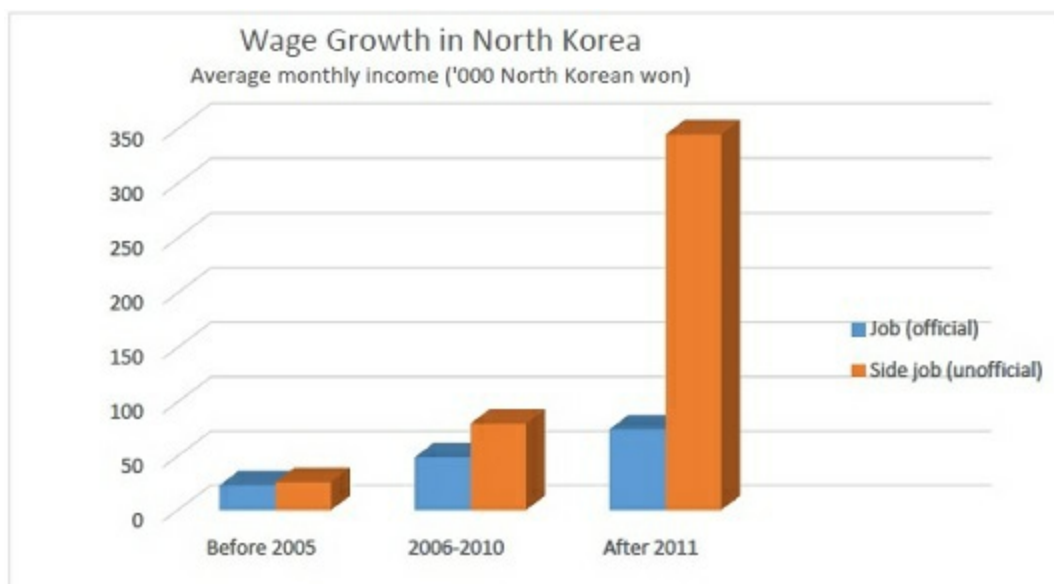
International trade fairs are known for showcasing products that are popular with the emerging middle class.



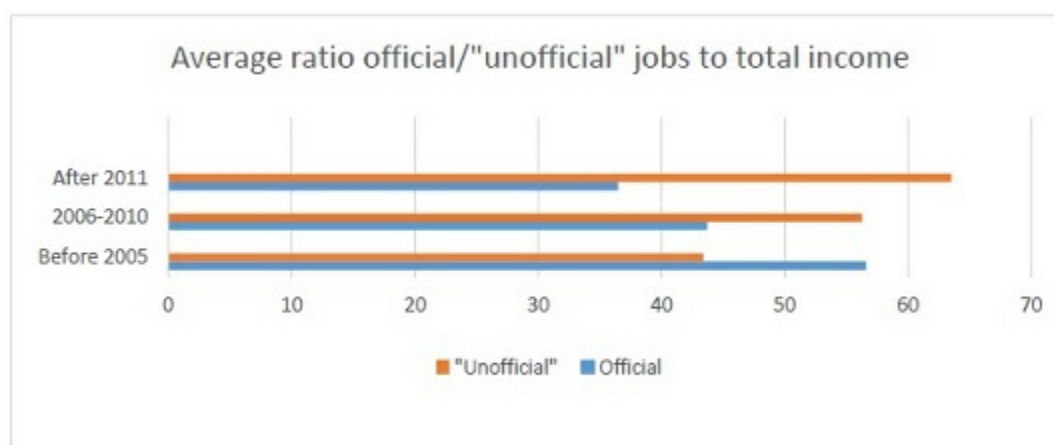
The North Korean governmental Pyongyang Times mentioned that "Swiss watches and knives were highlights" at an international trade fair in Pyongyang. Small wonder, it just reflected the ever increasing demand for imported brand and quality products by the rapidly rising middle class and its increasing "brand awareness" as marketers would call it.

In particular the informal sector created a substantial amount of new jobs over the last 15 years and the purchasing power grew multifold during the same period.





Source: Korea Development Institute, Seoul



Based on survey of 1,020 North Korean defectors who left the country over a 15 year period.

Source: Korea Development Institute, Seoul

## THE ONE-DOLLAR NORTH KOREAN HAPPY MEAL



This fast food restaurant arrived in North Korea in 2005 and I checked it out with visiting German and French IT business partners.

### **GERMAN GOURMET COFFEE IN NORTH KOREA**



The 'Hermit Kingdom' was not as isolated and backward as you might think. This café offering [Tchibo](#) coffee opened in Pyongyang in 2005.

## **NO STARBUCKS COFFEE IN PYONGYANG**

As far as I know, the only one in the world whose main sign is written in the country's mother tongue is in Seoul...



When [Starbucks](#) opened in Seoul's Insadong, a traditional Korean street famous for its antique stores and restaurants, the residents protested and tried to have it shut down.

American popular culture is also strong in South Korea: McDonalds, Pizza Huts, and Starbucks are found everywhere like in the rest of the world – except North Korea, at least for now...

Starbucks was surprised and gave in to popular pressure. It changed the store into a more traditional Korean one. It even changed the staff uniforms and most visibly the logo which is now Korean – apparently a worldwide exception.

Though the popular movement could not obtain a shut-down of Starbucks, but koreanizing (“su-ta-bak-su”) an American multinational heavily promoting its brand across the globe, is indeed an amazing patriotic success by people on the Southern side of the DMZ, standing up to one of American business giants which usually impose American culture and values on their host countries. Contrary to the belief by North Koreans who consider themselves as the sole guardians of “Koreanness” they are not the only ones to proudly uphold “cultural purity.”

## **NORTH KOREA REALITY CHECK**

Predictably, the major news outlets worldwide ran stories every autumn quoting international aid agencies saying that North Korea was on the brink of mass



starvation once again. Though these perennially predicted famines never came to pass, the stories continued to be spread at regular intervals, nevertheless.



At the same time, I observed state farms switching from monocrops to double-crops and private households breeding more animals and growing more vegetables for their own consumption and for sale at markets.

I had also noticed that unemployed [urbanites](#) moved to the countryside to privately cultivate small fields (“sotoji”) of all shapes and sizes on hillsides. This agricultural produce, which is sold for a profit, has become a significant part of North Korea’s food supply. In many cases local authorities tolerated and even encouraged the private sotoji cultivators, who in turn paid taxes.

## **TWO-WHEELED FARMERS – THE COUNTRYSIDE ON THE MOVE...**

Just a few decades ago, North Korea’s pastoral scene was heavily punctuated with the steady chugging of tractors criss-crossing its endless paddy fields, helping raise production and ease the labours of agrarian workers. The country was justly proud of the level of its agricultural mechanisation; the number of its steel workhorses far out-stripping those of its Asian neighbours. Now, the only blemishes on the sea of green are the bent backs of the labourers, the ever present water buffaloes and the white splashes of egrets. Few mechanical beasts are to be seen prowling the landscape.



But I observed signs that the downward slide has been reversing: with more and more farmers taking to bicycles for their daily commute to the fields. Not fleets of combine harvesters, but a clear sign that movement was in the right direction.

### **“DESPERATE NORTH KOREANS CAN’T GET ENOUGH CHOCO PIES”**

The Western media had a feeding frenzy over [this story-line](#) with widespread coverage from the likes of *CNN*, *TIME*, *USA Today*, the *Wall Street Journal*, the *Guardian* and the *Washington Times*:

“Desperate North Koreans without any sweets” seemed to be at the top of the international political agenda. But, as with much reportage, it didn’t let the facts get in the way of a good headline.



For good or ill (depending on whether you have a sweet tooth or are more worried about the *state* of your teeth) North Korea's factories have been churning out snack cakes of their own, in every way faithful to their *Choco Pies* "parents" and with a myriad of sugary "cousins" to pander for that insatiable Asian craving for the sweet and sickly.

### **NORTH KOREA'S NEW (SWEET) WEAPONS**

"We need nukes for our self-defense and calorie bombs for our well-being", a North Korean jokingly told me.





And judging by this selection from one of the many impressively sugary arsenals that I saw in North Korea, they seem to be achieving at least half of this aspiration.

### **THE ICING ON THE CAKE FOR NORTH KOREA'S FOOTBALL FANS**

Over the years, North Korea's national TV has greatly increased the air time given to international sporting events like the Olympic Games and worldwide football championships.





In common with other Asian countries, North Koreans are fanatical about “the beautiful game.” To mark the FIFA World Cup 2014 in Brazil, an enterprising industrial bakery came up with extravagant football cakes to literally “add icing to the cake” of the enjoyment of local fans as they followed their favourite nations through the tournament. In my unerring quest to acquire first-hand knowledge about all aspects of North Korean life, I felt obliged to sample the cakes and can confirm that they taste delicious!

### **SERVICE WITH A SMILE – IN NORTH KOREA!**

While I was CEO of the PyongSu pharmaceutical company it turned into an enterprise obsessed with quality. Training and coaching were at the top of the agenda and were often aimed at changing traditional behavior patterns, particularly when it came to customer service.



*This picture shows a simple result of the efforts: instead of the sullen, passive, uninterested shop assistant we see an active, helpful, competent and friendly PyongSu pharmacist smiling with her customers, unaware that the moment has been captured by me.*

Unsurprisingly, PyongSu became then the first and only pharma factory in North Korea that achieved the ‘Good Manufacturing Practices (GMP)’ standards as defined by the World Health Organization.



*Regular in-house training with foreign trainers helped lift the professional level of my staff to an international level.*

In addition, I launched North Korea’s only Quality Pharmacy chain by setting up the first four pharmacies based on a concept emphasizing outstanding

competence and customer care as well as high ethical standards. The plan I submitted to the Ministry of Public Health was to also run some pharmacies with a 24-hour-opening time and a home delivery service. The officials were first surprised by the proposal but they didn't reject it outright. Actually, they found it even intriguing. I'm convinced we could have realized it. The stakes were in our favor anyway: the Pyongyang Pharmaceutical Factory which belonged to this ministry was our joint venture partner and an important shareholder which would have benefitted from profitable pharmacies as well, but unfortunately, I was running out of time to discuss and negotiate the terms as I was due to move to Vietnam where my wife has just finished building a new home.



*Opening day at a new PyongSu pharmacy*





*A friendly service and competent advice by our qualified staff (all doctors and pharmacists by training) is what drew many customers to our retail outlets.*



*Pyongyang map on the wall of our meeting room, showing priority targets (hospitals, clinics) for the ongoing sales cycle, to be worked on by the sales team.*



## 매 제품별로 따르는 시장분석 Market survey for each products (4P analysis)



*My young North Korean marketing assistant's remarkable power point presentation for our marketing and sales team which he prepared alone, that is without any help from me.*



*A different kind of training: North Korean members of the board of directors with me on a study mission in Shanghai.*

## A FLOURISHING HOUSING MARKET IN NORTH KOREA



*One of the well-located pharmacies (green building) we bought when I ran the pharma joint venture company for the (bargain) price of a good car. The price included the building and the land use right. The value of this asset has risen substantially over the subsequent years.*

The real estate market is apparently “hot” when you listen to the stories by defectors. Unsurprisingly, North Korea watcher (and regular interviewer of defectors) Andrei Lankov stated in his piece in *The Korea Times* on June 19, 2013 that “since the late 1980s there has been a lively real estate market” in North Korea.

In a socialist country like North Korea or Vietnam, property is state-owned. Land in Vietnam, for example, cannot be bought, but people can buy the right to use the land on which they can build their own houses, factories and shops for a limited number of years, e.g. for a period of 50 years. Unlike North Korea, Vietnam has indeed a very lively real estate market where people can buy and sell an unlimited number of land use rights. The owners have a legal title called “Red Book” (which is not exactly a political book) proving the ownership of the land use right.

In North Korea, things are largely different. The state owns not only the land but also the houses and grants citizens the right to live in a house or apartment but not the right to own it. And the tenants can live there for a rather symbolical, low rental fee – not for a market-based one.

Not all houses have the same value though. Houses in downtown Pyongyang for example are considered much more valuable than houses in other districts, partly because the central district’s infrastructure is in a better shape (better power, heating and water supply) than elsewhere. So if somebody living in another district has become rich and wants to acquire a more comfortable apartment in the central district, he may find somebody there who is cash-strapped and ready to swap his higher priced apartment against the lower priced apartment of the

rich person and get the difference paid in cash by the richer person. But unlike a rich Vietnamese, a rich North Korean cannot acquire multiple apartments or houses but exchange only one more modest apartment against one much more comfortable one. So much for the “lively real estate market” in North Korea.

## OLD MEETS NEW

Three [DHL](#) courier vans are in front of the Ministry of Commerce. The building’s facade adorned on the far left by a large painting of Marx and on the right with a portrait of Lenin. Yet their literature can no longer be found in libraries and book shops, and I never came across a single quote of theirs. It was a clear hint that North Korea wants to emphasize not an international form of socialism but rather its own national brand, mixed with Kimilsungism, that no longer has anything to do with Marxism-Leninism. The highly visible yellow DHL vehicles, however, seemed at time to be everywhere in Pyongyang.







While DHL is still in Pyongyang, Marx and Lenin have gone and therefore cannot be seen on the wall of this building as of spring 2012. Also of huge historical significance, in April 2009 the Supreme People's Assembly quietly removed the word "communism" from Articles 29 and 40 of the Constitution, covering economy and culture, respectively. It added the *Songun* (army-first policy) line, instead.

What has gone too is DHL's rival United Parcel Service, Inc. (UPS). DHL belongs to the German Post whereas [UPS](#) is an American shipping giant which blamed the shutdown of its office in Pyongyang in 2011 on U.S. sanctions. The company explained the sanctions forced it to "suspend service completely" to North Korea, blocking both imports and exports.

An American [magazine](#) explained that "under U.S. sanctions, not a single piece of merchandise can be sent to the country from the U.S. Also [prohibited](#) are valuables such as cash, coins, traveler's checks and jewelry, as well as precious metals like platinum, gold and silver."



PE Tools ▾ Publications ▾ Business Solutions ▾ Archives ▾ Help ▾

**International Mail Manual**  
Summary of Changes  
Transmittal Letter  
1 International Mail Services ▾  
2 Conditions for Mailing ▾  
3 Extra Services ▾  
4 Treatment of Outbound Mail ▾  
5 Nonpostal Export Regulations ▾  
6 Special Programs ▾  
7 Treatment of Inbound Mail ▾  
8 (Reserved)

Mailing Standards of the United States Postal Service - International Mail Manual > 2  
Conditions for Mailing > 270 Free Matter for the Blind  
[< Previous](#) [Contents](#) [Index](#) [Next >](#)  

## 270 Free Matter for the Blind

### 271 Description and Physical Characteristics

#### 271.1 General

Matter may be entered free of postage provided that at least one of the following criteria is met:

- The item is sent to or by an organization for the blind.
- The item is sent to or by a person who is registered as blind or who meets the World Health Organization's definition of a blind person or a person with low vision.

**Note:** An "organization for the blind" (see 271.1a) means an institution or association serving or officially representing blind persons.

#### 271.2 Weight Limits

Screenshot from the [United States Postal Services](https://www.usps.com) website making an exception to mail material to North Korea.

There is one exception, however. The U.S. government generously allows first-class letters, and first-class postcards to North Korea, but only [for the blind](#) !

## NORTH KOREA'S ILLICIT INTERNET

*A brief history of the internet in North Korea — and North Korea's private intranet.*

(This piece was first published by [The Diplomat magazine](#) in June 2016)

North Korea has only a few thousand internet users in a country of 25 million. To enjoy this exclusive privilege, a North Korean must first successfully apply for a permit from the government to own a computer and a second permit to access the internet with it. In contrast, more than 90 percent of the people in South Korea, one of the world's most wired countries, are netizens.

While living in North Korea, I witnessed many changes, some quite dramatic by North Korean standards, including the emergence of the internet, and more significantly, its own version, namely a steadily expanding intranet.

For internet users, North Korea's telecom at first offered a slow dial-up connection to a web server hosted in a Chinese province bordering North Korea.

As a resident foreigner, I didn't need a permit and had unrestricted access to any website. The restrictions were technological, not political. Emails with larger attachments were costly as their transfer often took minutes rather than seconds, and at that time email use would cost several dollars a minute. Later I used the internet through access set up by a German business man. An American satellite link enabled access from North Korea's telecom to his web server in Germany. Thanks to his much lower prices I saved several thousand dollars a month. To the satisfaction of its users, the evolving internet became faster and cheaper over the years.

In parallel, North Korea developed its "Kwangmyong" which means literally "bright" or "light." This free, domestic-only network or intranet opened in 2000. It offers a Firefox-style browser called "Our Country" with which users can navigate more than 5,000 websites at present. It is a large library, a place to propagate information, and a communication platform between government agencies, universities, industry, and commerce. It has many pages copied from the World Wide Web and includes flight and train schedules, weather forecasts, and news sites. Many of North Korea's three million mobile phone users are using their devices to surf this intranet.

Intranet content is strictly subject to government approval; as it says, it wants to "let the breeze from the internet in while shutting out the mosquitoes." Its Facebook-like pages, chat rooms, and emails are closely monitored. It also has been difficult for the North Korean engineers of the first-foreign invested software [company](#) I co-founded to work on projects online with clients abroad, as is common practice in the software industry. This turned out to be an important competitive disadvantage for us.



*Tweet by former AP Pyongyang Bureau chief Jean H. Lee.*

The intranet is also used for commercial purposes and entertainment. When I was CEO of a [pharmaceutical company](#), we were among the first to set up a commercial domestic website. It helped us a lot to build our brand and competitive services and to communicate with the medical profession across the country while also selling and distributing our pharmaceuticals and other healthcare products to remote provinces.

Pyongyang's critics claim the regime is afraid of giving its population access to the larger internet, as it would undermine its authority. They may be right. They may also be ignoring the fact that North Koreans know much more about the outside world than the outside world knows about them: North Korea has less than 3,000 Western visitors a year, but many more North Koreans flock to China every year. China issues up to 40,000 work visas for North Koreans per year. Unsurprisingly South Korean soap operas and some Hollywood films, which are wildly popular, find their way across the porous Chinese border into the so-called Hermit Kingdom and North Korea's youngsters, reportedly, [even watch porn movies](#).

Therefore the threat from the inflow of information may be less real than the regime and its foes believe. But even if North Korea allowed all its citizens unrestricted access to the internet, their access would remain heavily censored and limited — by the United States, no less. As I've [noted previously](#):

*Under the conditions of international sanctions imposed by the U.S. Treasury Department's Office of Foreign Assets Control ... all major tech companies such as Google (NASDAQ:GOOG), Yahoo (NASDAQ:YHOO), Microsoft (NASDAQ:MSFT) and Oracle (NASDAQ:ORCL) among others, also restrict access to their products from sanctioned countries.*

LinkedIn blocked my North Korea-based account in compliance with the U.S. Treasury Department's directive. I couldn't use my credit card in North Korea either but I was one of the few who could and did use Google and Facebook as these companies seemed to have ignored U.S. sanctions law.

When I lived in Vietnam in the mid-nineties [very few people had access](#) to the Internet, then also perceived as highly risky by the government. By mid-1998 there were an estimated 1,500 customers, or approximately 4,000 individual internet users, in Vietnam (population in 1998: 76 million). In this respect it was exactly the same as when I arrived in North Korea some years later.

But, unlike in North Korea, some significant geopolitical events would soon help change Vietnam's landscape. On February 3, 1994, President Bill Clinton lifted the U.S. trade embargo. On July 11, 1995, Clinton announced the normalization of U.S.-Vietnam relations, and soon thereafter a U.S. embassy was set up in Hanoi.





*Uncompromising on the battle field, for reconciliation and reforms after the war ended with a peace treaty: Vietnam's legendary General Giap, the mastermind behind the military defeat of the French Colonial Power and the war against the invading U.S. military, together with his wife and Felix Abt (Picture taken in the nineties when Vietnam started cautiously opening the internet to the public).*

As a consequence, the fear of opening up and letting more people have access to a hitherto “hostile” internet with its many infectious “Western mosquitoes” diminished over the years.

As of 2015, some 20 years later, Vietnam has more than 44 million internet users (44 percent of the population), including 30 million Facebook users.

If the United States were to end the Korean War, sign a peace treaty and normalize its relations with the “Hermit Kingdom,” it is quite likely North Korea could also count at least 44 percent of its population — if not much more — as internet users in 20 years’ time.

## AUTOMATONS, SLAVES OR MEMBERS OF THE 1% ELITE

(This piece was first published on March 23, 2015 by [\*The Korea Observer\*](#), Seoul)

*That's the stereotypical portrayal of North Koreans by foreign media and authors of books on the country. 'My personal experience of the people in North Korea was very different', recounts the author of 'A Capitalist in North Korea'*

I recruited staff from universities, commercial enterprises and other organizations in North Korea and had a good mix of ages and backgrounds. Initially around half were women, but this was increased substantially over time as women were generally found to be more diligent and dedicated to tasks than their male counterparts. In my experience, this seems to be true throughout Asia. Just a small proportion belonged to the Korean Labor Party.

Most were slim when they started with us, but many added a little padding the longer they stayed. Older members of staff were usually married, younger staff often in love and some even showing symptoms of lovesickness. A few displayed signs of, or confided to, difficult relationships and a small number were divorced. There were rumors that some married staff members were not entirely faithful. Some colleagues liked one another better than others and sometimes there were misunderstandings and arguments. In other words, it was just like any of the companies I had worked in around the world.

All of my staff were hard workers, and if they weren't they didn't stay long. Exceptionally, the harder working staff asked for better training or the replacement of lazy or incompetent ones. Some always seemed to wear a serious face, others were often smiling. Some were introvert, others garrulous and fun-loving, telling jokes and enjoying a laugh. North Koreans love to joke and tell funny stories, as I experienced in numerous encounters with not only the employees, but also suppliers and customers. Some of the jokes would merit a xxx-rating in other countries!

Without exception the staff loved their children and were bursting with pride over their achievements. If a child successfully passed the entrance exam to a good school there was jubilation. Conversely, a child underperforming was the cause of huge anguish and could result in tearful scenes. I had great pleasure in meeting children of my staff on various occasions and found them just like kids anywhere else: some were shy and reticent, others were curious and bursting with questions for me. That the staff's adult children married well was a very

important topic, and so were grandchildren. There was none so proud among the staff as a contented grandparent.

Though media in the West claim most North Korean adults use meth and other drugs, I saw no signs of it among the workforce. I believe I am well aware of the signs and what to look for and knew that users of such drugs would typically display the symptoms after a while. On the other hand, most men were heavy smokers and loved to drink Soju and other hard alcoholic drinks. However, the latter was generally restricted to special occasions such as holidays or birthday parties.

As we jointly had to achieve some really tough objectives in a very demanding environment a close bond developed between my staff and me. They trusted me that I wouldn't betray them and so I learned more about their families, friends, interests and hobbies than was usual for a westerner. We became even closer as we organized outings, sport days and Karaoke evenings and often played volleyball or table tennis together after work.



*Video screenshot*

[My video](#) above shows one of my female staff members in the company canteen giving a short performance of 'Tul' (also teul or 튜 in Korean), which is as rigorous and precise as a Swiss clock, on the way to mastering North Korea's

favorite national sport Taekwondo, the equivalent to the ‘kata’ in karate.

This, then, is just one example of the individualistic nature of the North Korean staff I was honored to work with: people with distinct personalities, fears, foibles and idiosyncrasies; as individual as any other people in any other country. A far cry from the convenient, prejudiced stereotype the western media love to depict.

**Q&As with Felix Abt, author of the book *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom*.**

### **“North Korea Needs A Bold Vision”**

Korea Observer: If you were asked to advise the North Korean government on how to create a brighter future for its citizens what would you tell them?

Felix Abt: I would recommend they strive to develop a long-term vision with an unequivocal strategy and clearly stated goals. They’d need to start implementing it without delay. The country could, and should, achieve an annual growth rate of 10 – 15% over the next 10 to 20 years. To accomplish this the government would have to rethink previous approaches and look to widely liberalizing its economy. This is not without precedent and proven efficacy: China, starting from an economic base performing at a similarly low level to North Korea’s, introduced sweeping reforms and subsequently achieved consistent 2-digit growth rates over a period of many years; resulting in hundreds of millions of its citizens being lifted out of poverty.

Korea Observer: But that would mean the economy becomes free while there is no political freedom.

Felix Abt: *Political* liberalization is much more intractable as the North has a strong rival system in the South, not something China and Vietnam had to contend with when they opened up. The solution, I believe, is for the North’s vision to encompass a “Scandinavian” approach that includes a highly competitive element, evolving into a market economy while building up a strong social safety net for all those citizens who would otherwise struggle under such a system.

To realize a sustainable growth model, the country would, of course, also have to reform institutions, for example developing a law-based state and not incarcerating people for political reasons. Since the vast majority of North Korean refugees have left the country for economic reasons, implementing the



outlined vision would become a strong disincentive to abscond, and would certainly be far more effective than a coercive approach.

## **NORTH KOREA'S DRIVE TO REFORM AND OPEN ITSELF**

North Korea's most important economic zone is located in the North Korean border city of Rajin-Sonbong (Rason). Smaller ones were once planned to open on the undeveloped islands of Hwanggumpyong and Wihwa. Projects included the rebuilding of a road from China to Rason, a new cement factory, electricity infrastructure and modernisation of Rason's port.

It looked like history repeated itself. When China started its “reform and opening” process in the early 1980s, it established its flagship Shenzhen special economic zone on the border with Hong Kong, then a British-run capitalist enclave.



*The picture shows the Chairman of Rason as well as Susan Chayon Kim, a Korean American scholar who has trained many North Korean business executives in Rason and has been a remarkable bridge builder between North Korea and the outside world.*

The Rason Economic and Trade Zone includes an area that North Korea designated as an investment zone in the 1990s, but which has attracted only little

investment in the past. Since then North Korea has changed laws and made the zone more investor-friendly. As a result more foreign enterprises have set up shop there. A 2013 reform entitles foreign investors to take 50-year transferable land leases within Special Economic Zones (SEZ).

However, Western embargo policies, which undermine rather than support North Korea's reforms and marketization, and the permanently looming threat by the United States to "punish" those who invest in North Korea, have scared away potential investors so that this and other economic and trade zones have never really been able to take off.

[Zoominkorea](#) explains:

*U.S. Treasury Secretary Mnuchin put foreign entities on notice that "going forward, they can choose to do business with the United States or with North Korea, but not both." Given the enormous disparity in economic significance between the two nations, this is no choice at all. It is an ultimatum, and Mnuchin calls for "all countries around the world to join us by cutting off all trade and financial ties with North Korea."*

*Blockades are considered an act of war. Technically, the United States is not imposing a blockade in that it is not physically preventing trade with North Korea. But the result is the same. Through threats, the Trump administration is forcing nations to abandon trade relations with North Korea.*

## **DEBIT CARD TAXIS – IS NORTH KOREA ON THE WAY TO A MODERN, CASH-FREE SOCIETY?**

When I arrived in 2002 the taxis in North Korea were mostly Volvo cars. Over the years more and more of them disappeared and were replaced by imported cars from China and cars assembled in Nampo. The few Volvos that still exist today add a classy retro feel to the modernized taxi fleet. Half a century ago the then Swedish car company Volvo was eager to become a market leader in North Korea and wanted to sell a large number of cars. And it did so in the seventies when it sold 1,000 Volvos, model 144 G. The risk of non-payment was covered by the Swedish Export Credit Agency, respectively, the Swedish tax payers. Other Swedish manufacturers were eager to make deals and get a foothold in the promising new economy too. Their enthusiasm was based on North Korea's economic development: North Korea's economy grew faster than South Korea's after the Korean War and by 1960 South Korea was still lagging far behind

North Korea. Though South Korea's economy's growth also accelerated in the sixties North Korea was still wealthier by 1970. This changed under the leadership of South Korea's strongman Park Chung-hee when South Korea surpassed the North by the end of the seventies.



*Volvo taxi in Pyongyang*

So Volvo was eager to sell as many cars as possible (that is upto the limit set by the Swedish Export Credit Agency) and North Korea was eager to buy as many cars as possible even, though it lacked the ability to pay for them, a phenomenon I have encountered in many other developing countries in the past decades. Volvo was paid by the Swedish Export Credit Agency, but the latter has yet to be paid by North Korean buyers. However, Chinese car dealers who helped modernize North Korea's taxi fleet couldn't shift the risk of nonpayment to taxpayers like Volvo in Sweden and therefore insisted to be paid upfront. Though a number of other countries have unpaid debts to Sweden the media unsurprisingly single out North Korea and love to talk about the "Volvos stolen by North Korea", as did [Newsweek](#), for example.



*The “Volvo experience” did not deter representatives of Swedish companies, including myself, to promote and sell Swedish products (against prepayment) at Sweden’s booth in Pyongyang in the mid-2000s.*

I have paid return visits to the country that had been my home for seven years. Taking a taxi to a business meeting in Pyongyang, I was struck by a new sign on the cab (highlighted by the red circular indicator in the photo below), which wasn’t a Volvo anymore, declaring that the driver accepted payment by debit card.

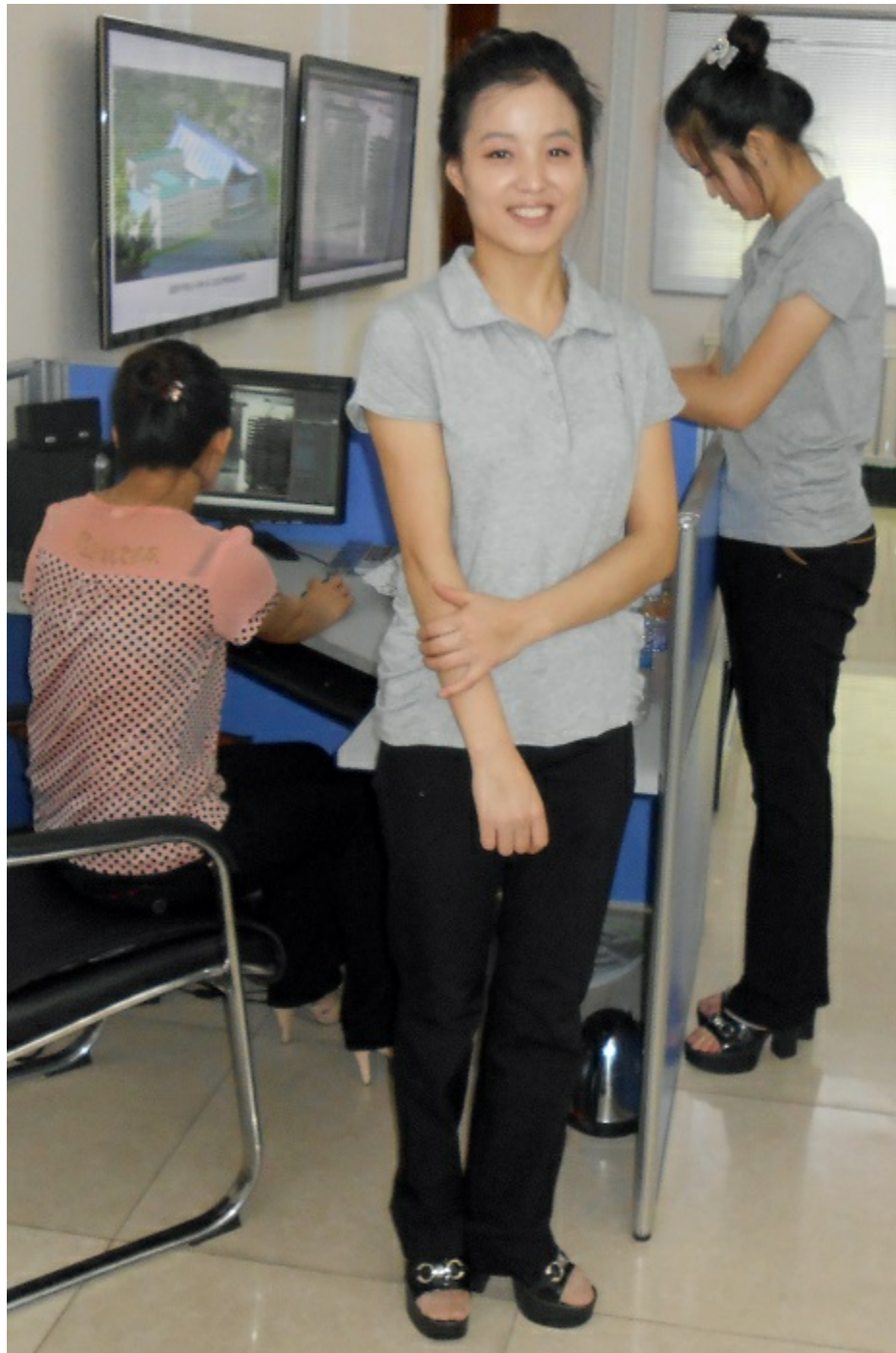




When I entered the taxi, it crossed my mind that this was something which I didn't see in the recent past in China, and which I had never seen in Vietnam until more recently. Even in Washington D.C. taxis were only required to accept credit cards as recently as in September 2013.

And I couldn't help comparing this to North Korea before the terrible crisis years of the nineties: in the grip of a strict socialist command economy, it had then been the most demonetized country on earth.

**ARE THESE OFFICE WORKERS IN SEOUL, SHANGHAI OR SINGAPORE?**



Actually, I met them in their offices in Pyongyang.

### **IMAGINE, NORTH KOREA HAS A GOLF COURSE TOO!**

This eighteen hole golf course is spread over 45 hectares (111 acres) on Lake Taesong in picturesque Ryonggang County. The Pyongyang Golf Course was completed in 1988, under the auspices of the 1989 World Festival for Youth and Students.



*North Korean golf caddies.*

## **IF THE CAP FITS – GOLF IN NORTH KOREA**

Here are my *PYONGYANG GOLF CLUB* caps (with some surprising additional logos...), which I bought at the Pyongyang Golf Course.





As businessmen the world over know, deals are just as likely to be clinched on the golf course as in the boardroom. And North Korea is no exception. As a foreign business person in North Korea, one has to be prepared to wheel and deal on the golf course, or in a restaurant or karaoke room, rather than in a stuffy meeting room.

So if you want to do business there, don't forget to pack your clubs and brush up on the lyrics of "My Way" or "It's Raining Men" before your business trip. And if you pass me on the fairway, give me a wave!

### **FOOD FOR BODY, SPIRIT AND PROSPERITY**

If being able to eat out can be taken as an indicator of prosperity, then I'm convinced that the increasing number of North Koreans finding the surplus cash to treat their families to dinner in a restaurant (as seen here in the background) is a sure sign that economic well-being is on the upswing (at least before the most strangulating sanctions were put in motion in 2017, which aim to roll back these gains).





*Behind me, a North Korean family enjoying dinner in a Pyongyang restaurant*

As in many Asian countries, providing food for others also nourishes the entrepreneurial spirit and restaurants have become a lucrative opportunity for North Korean business people, who own them semi-officially. Some former staff of mine, as well as North Koreans who have worked abroad, have invested their savings in a restaurant. When I asked them if their restaurant was profitable and made them happy they often flashed a big smile and said yes.

## **THE ASIAN CRAZE FOR WESTERN BRANDS REACHES PYONGYANG**

*Giorgio Armani* opened its retail store in Beijing in 2001. Only five years later, this shop selling *Adidas* shirts, shoes and footballs opened in North Korea's capital Pyongyang. I was there when it opened.



It was another sign that shopping patterns in the so-called reclusive country had started to change course.

### **WHEN THE 21<sup>st</sup> CENTURY DEFINITELY ARRIVED IN NORTH KOREA**

Certainly, there is still a strong belief in North Korea, like in all socialist countries led by a Marxist-Leninist parties in the past, that modern technology can miraculously solve all problems, instead of changing the incentives' system. Using costly robots in a food factory for rather simple, repetitive processes which could be done by unqualified cheap labour instead seems not to make economic sense and appears to be part of what some call “technological fetishism.” Yet the appearance is misleading in this case.

Even in North Korea food manufacturing has been changing just like it has in the rest of the world, where it has become more complex by automatically coordinating and integrating processes such as preparing, cooking, sorting, packaging and palletizing. It has helped save time and space, as well as improve cleanliness and safety.

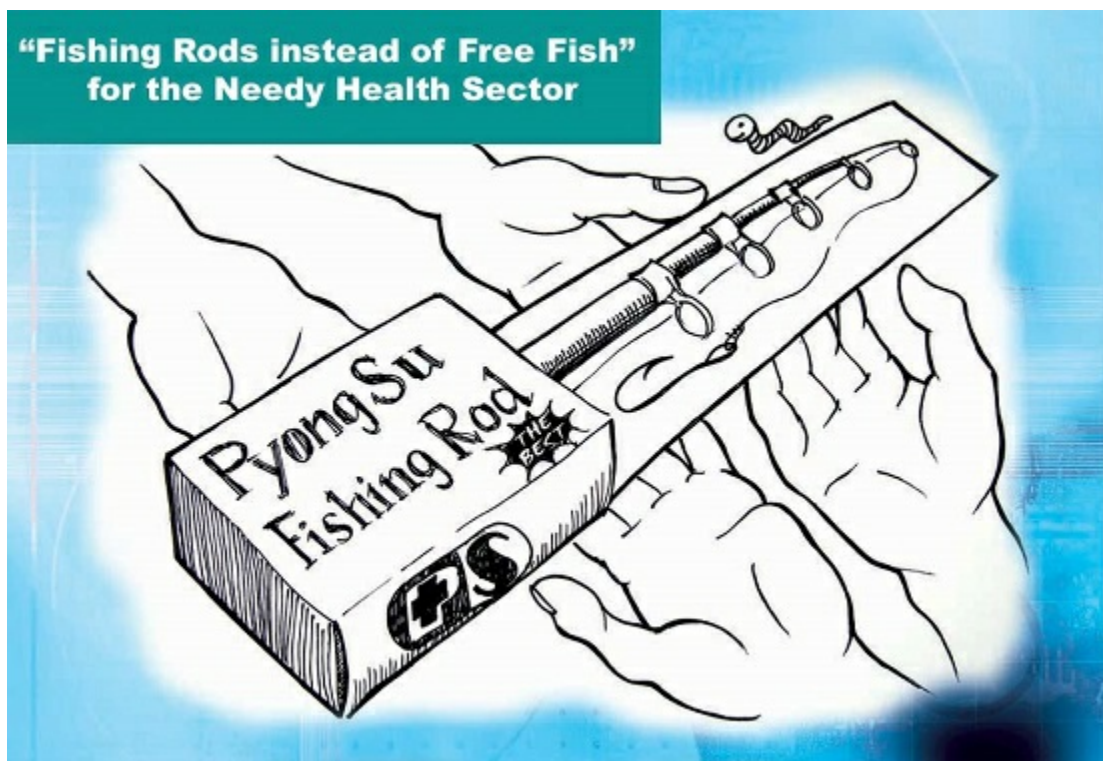


The picture shows a food factory where the first robot from ABB, the automation and power technology group, was installed when I was ABB's resident North Korea country director.

## 6. AGENTS OF CHANGE

### GIVING FISHING RODS AND TEACHING HOW TO CATCH FISH - INSTEAD OF JUST GIVING FISH!

Teaching and helping to take one's fate in one's own hands is called "capacity building" in the jargon of NGOs. More than a dozen NGOs from Europe, North America and South Korea and only a couple of countries, namely neutral Sweden and neutral Switzerland have been directly involved in "capacity building" in North Korea over the last decades (political pressure made these countries stop capacity building years later). Following U.S. policies, the majority of European and other Western countries rejected development cooperation with North Korea and refused to therefore do any capacity building. They limited their engagement with North Korea to humanitarian aid like emergency food supplies. They preferred giving fish instead of a fishing rod and teaching North Koreans how to fish, to use the biblical metaphor.



*Training North Koreans to produce quality medicine at affordable prices for more patients instead of importing more expensive pharmaceuticals for fewer patients was the capacity building we did with*

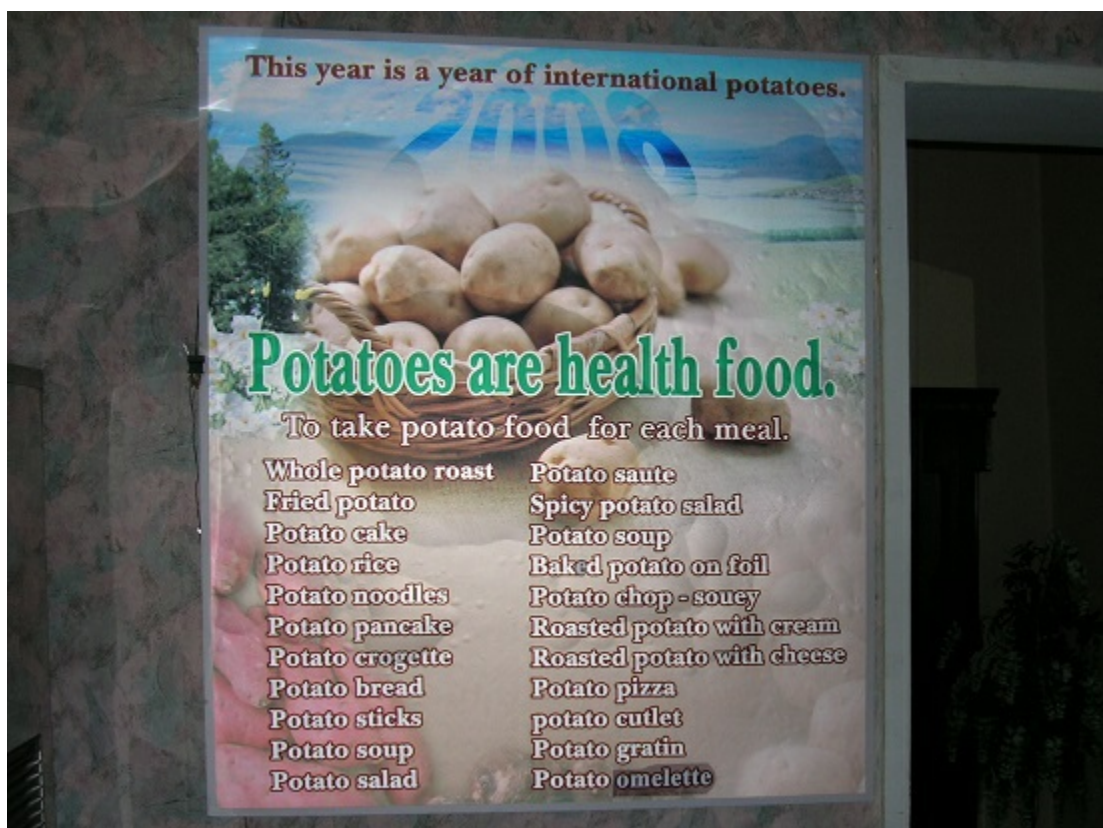


our pharmaceutical factory.

Let's have a look at two outstanding examples of capacity building: German [Agro Action](#) (Welthungerhilfe), a NGO that was funded by the German government to a large extent has been involved in capacity building in humanitarian projects such as water and sanitation projects and rehabilitation projects for cooperative farms.

Like the Swiss government's agency for development cooperation (SDC) Agro Action was also involved in seed improvement and slope farming management (helping stop soil erosion thanks to appropriate cultivation techniques). This made sense as North Korea, as mountainous as Switzerland, had only about 20% land that could be cultivated.

[SDC](#) taught North Korean farmers how to cultivate a sturdy type of potato. Potatoes became an integral part of the population's food security after the country suffered from starvation in the 1990s. North Korea called it the “Potato Revolution”.



Poster promoting potatoes in 2008, “Year of international potatoes”, in a North Korean restaurant.

Famine-prevention, not only building nukes and missiles as a deterrent, became a top priority for the country. In just ten years, the farmed area expanded from

50,000 to 200,000 hectares and potato consumption rose from 16 to 60 kg per capita. The SDC and North Korea worked together to improve potato seed quality and farming methods such as fighting pests and making appropriate use of fertilizers. New storage methods have been introduced, and local personnel have been trained in potato seed production.



*SDC-sponsored foreign expert teaching farmers on how to properly raise goats and how to prevent and treat diseases.*

Switzerland supported a number of other meaningful projects like the Pyongyang Business School which I co-founded and run, such as a goat-breeding program which helped multiply, within a short span of time, the population of a goat species, producing more meat and milk all over the country. The program also instructed breeders how to make and store cheese. North Korea didn't have many cows but it has now millions of goats and most cheese is made from goat milk.



*Yogurts made from goat milk at a farm.*



*Learning how to make people and organizations grow thanks to insights on motivation, organizational behavior, and selection assessments: Dr. Suelmann, Head of Human Resources Asia Pacific of [BASE](#), the world's largest chemical group, working with students at the Pyongyang Business School.*

My wife worked as a SDC consultant with the Ministry of Light Industry to develop a leather processing industry, that planned to use the valuable skins of the slaughtered meat furnishing goats as a basis for the creation of a high number



of jobs and high-value leather products, such as leather jackets and leather gloves that would have become a major hard currency earner. The DPRK government agreed that the main beneficiaries of the revenues would have been the goat farmers selling the skins and the workers tanning the skins and processing the leather. (The project wasn't realized for reasons which I described in *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom*).

I found the goat cheese quite tasty, particularly when some milk was added to it. If you haven't tried it yet, taste it next time you're in North Korea and let me know what you think.



*The picture I took at a North Korean farm shows a storage room where the cheese it produced is kept.*

Sadly, political pressure from Western powers led donors to stop supporting all capacity building and limit their activities to pure humanitarian aid. This measure did of course not hurt the elites but above all ordinary farmers, workers and unemployed North Koreans. The North Korean fishing rods were brutally substituted by foreign fish, if any at all. Once again, a colonial style culture of dependence and subjugation was imposed on the country.





*The picture shows SDC's expatriates and North Korean staff in front of the SDC-building in Pyongyang when capacity building was not yet banned. My wife and I with our baby daughter were also present.*

## **MICROCREDITS FROM CHRISTIAN ENTREPRENEURS TO NORTH KOREAN ENTREPRENEURS**

Microfinance institutions (MFIs) surged in poorer countries over the last few decades. The reason for this is that poor people have few tangible assets of value to give lenders as collateral against a loan. MFIs therefore rely on a borrower's "social capital" to make sure its loans are paid back.

Maramaglobal Inc. is a New Zealand registered company, supported by Christian business people from Australia and New Zealand, which set up a microfinance venture in North Korea. Hugh Gollan, with an impressive background from engineering to Wall Street to investment banking in Moscow, was the right man to run it.



*Christian business people, together with a senior North Korean official from the Ministry of Commerce and two representatives of the European Business Association (Dr. Barbara Unterbeck and myself) on the day the Australians and New Zealanders on the one hand and the North Koreans on the other reached an agreement on microfinance. Devout Christians Hugh Gollan and his wife Sarah, a lawyer from New Zealand, can be seen 1<sup>st</sup> and 2<sup>nd</sup> on the left.*

I learned from Hugh, much to my surprise, that the repayment of the loans which he gave to a steadily increasing number of small North Korean businesses was no issue at all as repayment discipline and ability was high. To make sure it stayed that way, he selected borrowers with the necessary experience and skills, and thoroughly consulted and closely monitored them. It was another fine example of capacity building in North Korea.

## **NORTH KOREA'S FIRST PRIVATE "GLOBAL UNIVERSITY BEYOND IMAGINATION"**

Professor PARK Chan-mo is the former president of [POSTECH](#) that became South Korea's leading science and technology university and one of Asia's best universities under his leadership. Until October 2010 Professor Park was also president of The National Research Foundation of Korea which is South Korea's national top entity specialized in research funding and management.

Unsurprisingly, he also became an initiator and a co-founder of the amazing Pyongyang University of Science and Technology (PUST) in North Korea which opened on October 25, 2010. The American academic James Chin-Kyung Kim



who founded the Yanbian University of Science and Technology (YUST) in China's Yanbian Korean Autonomous Prefecture became its president and Park became its chancellor. The university started with 20 professors classes for initially 100 graduate and 60 undergraduate students. A few years later it had more than 500 undergraduate students. All students admitted attended North Korea's best universities such as Kim Il Sung University, Kim Chaek University of Technology, Science University, Pyongyang University of Computer Technology and other universities in Hamhung and Wonsan before entering PUST. All the students had to have excellent grades in their major subject areas and most of the students showed good proficiency in English in their placement tests. A few years later it also admitted female students.



*The picture shows Professor Park and his wife together with me in a Karaoke bar in Pyongyang.*

Some students even [received scholarships to study abroad](#) in prestigious universities such as the University of Westminster and Cambridge University in the U.K. and Uppsala University in Sweden (the current U.S. administration has pressured European countries to not admit North Korean students to universities any longer).

The lecturers came from Europe, China, South Korea and from the United States from which the largest group stemmed (a recent travel ban by the U.S. government for American citizens is now preventing Americans from teaching in Pyongyang). The university has been funded by evangelical Christians in South Korea, the United States and elsewhere and most of the lecturers were devout Christians which volunteered and did not receive a salary.

First within rather tight boundaries and loosening up gradually over time, dynamic interaction between foreign professors and Korean students occurred during different contexts such as class, lab and research, advising students, thesis defense, events and contests, sports day, eating lunch and dinner together at the cafeteria, etc. as its professors explained. Graduate students and professors also have monitored internet access.

- Meet PUST, watch these videos:
- A rare international educational [program](#)
- A foreign lecturer's [experience](#)
- A female student's [impressions](#)

Chan-mo Park developed the bold Vision 2020 for PUST called "A Global University beyond Imagination" to emphasize that PUST should become a global university which would allow it to evolve into a truly world-class university in the future. He explained to me: "Similar to other nations, the future of the Democratic People's Republic of Korea will be largely depending on the young people, especially scientists and engineers and it is very important to educate those students to have a global mindset. It is well known that although there are political borders among the nations there are no borders in science and technology. Scientists and engineers should strive together for the betterment of human beings and world peace. That is why I am working for PUST."

Anything anybody does in North Korea is almost certain to become subject to controversy in the United States and elsewhere in the West. PUST was no exception. And one person in particular made a self-serving effort to turn PUST into a big squabble: Suki Kim, an investigative Korean-American journalist, hid her identity and intentions by breaking a nondisclosure agreement with the university, by posing as a teacher. She only spent a minimum amount of time during her six month stint teaching English and then went ahead to publish another best-selling "North Korea hell on earth" story which she and her publisher claimed to be "a [haunting memoir](#) of teaching English to the sons of



North Korea's ruling class,” telling readers she had to fear for her life because of keeping her book notes on a memory stick and being afraid of getting caught with it. This was such a hilarious, overblown claim to me since I used to store large amounts of confidential and sensitive stuff (including political and economic country data and critical analysis) on memory sticks for foreign employers, business partners and shareholders during the seven years I lived in North Korea. She saved rather banal stuff on her memory stick in 6 months, but I never had to fear for my life in 7 years. Other professors who taught there were upset by her story and false claims but could not challenge them publicly as they felt bound by their non-disclosure agreement.

In any case, she must certainly have met her objective of gaining fame money with her sensationalist drivel, since it received much press coverage. Luckily, she couldn't jeopardize the students and the university with her “revelations.” A lightweight like her wasn't a threat to this promising reform project, it took a heavyweight like Donald Trump to truly jeopardize it with strangulating sanctions by which PUST is now seriously affected too.

## THE COURAGEOUS CHAIRMAN

A few years before Google chairman Schmidt visited North Korea, which made lots of headlines, Dr. Vasella, chairman and CEO of Novartis, one of the world's largest multinational pharmaceutical groups, came to Pyongyang on a discreet "private visit" without headlines.



Certainly, talking to investors and financial media is a normal part of the job description of a multinational corporation's chairman, but not exactly talking to them from the Democratic People's Republic of Korea. But he did and dared to hold an investors' conference by phone. Of course, he made sure nobody knew he was talking from Pyongyang. And if they knew it could have caused quite an uproar and perhaps a drop in share prices and a career put into jeopardy.



*The picture shows Dr Vasella (2nd from the right) and Dr Maag, Novartis South Korea country director (4th from the right) together with me and Mr O Song Gun, deputy managing director of PyongSu Pharma J.V. Co., Ltd., Pyongyang.*

## **THE OVERSEAS KOREAN CONNECTION**

In North Korea I met quite a few South Koreans, Korean Chinese, Korean Americans and other ethnic Koreans from all over the world, including from Russia. Most of them were curious and wanted to find out more about North Korea and meet real North Koreans, not those described by the media. Many also took it upon themselves to assist their kin to break the country's isolation and help them develop and move on.



*Meeting a South Korean industrialist in Pyongyang*

Oleg Kim was a wealthy Russian businessman and the chairman of a resourceful Overseas Korean Business Association. His ancestors were immigrants. Korean immigrants first appeared in the Russian Far East in the 1850s and were allowed by the Russian empire to register as Russian citizens in 1890. They became Russia's largest ethnic border minority. In the Soviet Union they were subject to the first forced mass transfer away from the Korean border to north of Khabarovsk and farther destinations such as Kazakhstan and Uzbekistan which started in 1930 and ended in 1937. Korea was then a Japanese colony and the Soviet state which considered Japan as its enemy was afraid that Japan, which became an ally of Nazi Germany in 1936 when the two countries signed a treaty against the Soviet Union and its allies, could use ethnic Korean citizens in the Soviet Union as spies and trouble makers against it. In 1956, the Soviet Union gave them for the first time the freedom to decide where to live and what to do.



*Oleg Kim and his delegation asked for a meeting with the European Business Association (EBA) in a Pyongyang restaurant. My colleague Dr. Barbara Unterbeck who was in charge of EBA's external relations and I met him (3<sup>rd</sup> from right), his wife (4<sup>th</sup> from right) and his delegation which included his son (left) and a friend of his who was a senior executive of Gazprom. We went through a number of subjects of interest to them such as agriculture and food processing, light industries and trade.*

Oleg Kim did not speak any Korean and regretted it, neither did his wife and son. But he wanted his son to learn the language and therefore enrolled him as a student at Kim Il Sung University in Pyongyang.

## **MUSIC DIPLOMACY FOR PEACE AND KOREAN REUNIFICATION**

When I first met her in Pyongyang I was slightly bewildered: She looked Korean, had a Korean name but talked perfectly German and was a German citizen. I wondered what had happened. I soon found out: Yun Chong was the daughter of the famous musician and composer Yun Isang who was born in 1917 in South Korea and who began writing music at the age of 14. He later studied music in Japan, France and Germany. In 1943 he was captured and imprisoned in Korea by the Japanese for participating in the Korean independence movement.

Later he moved to Germany where he started his European career as a musician and composer. He also taught composition at prestigious music schools in Germany and several of his students became famous themselves. In 1964 he and his family settled in West Berlin.



In 1967 he was kidnapped in Berlin by the South Korean secret service, taken to Seoul and jailed. He was tortured in prison where he tried to commit suicide. He was forced to confess to espionage and was threatened with capital punishment and later, sentenced for life. The reason for his abduction and ordeal was that he visited Pyongyang in 1963 in his capacity as musician and composer.

He had many friends including the German chancellor Willi Brandt. They, including hundred famous artists, put a lot of pressure on South Korea to release him. The concerted efforts resulted in his release in 1969. He returned to Germany where he got German citizenship in 1971. He died in 1995 and only eleven years later he was rehabilitated by the South Korean government, which admitted that the Berlin spy incident in which Yun Isang was among the accused, was a fabrication by its intelligence services.

Yun had composed an orchestra piece called “Exemplum in Memoriam Kwangju,” with which Yun protested against the Kwangju massacre, a 1980 military crackdown against protestors that left some 200 demonstrators dead. This statement drew the attention of the North Korean leadership, which from then on took an interest in Yun’s music style. Yun was indeed world famous for creating a unique blend of traditional Korean music and Western classical music. The North Korean president Kim Il Sung invited him to teach classical music as well as his own compositions in North Korea. The German social democrat accepted the offer, hoping to promote reunification through his music. This caused his popularity in the South to plunge for a number of years.



*I took this picture of Yun Chong at an event in the German embassy in Pyongyang.*

In 2005, on the tenth anniversary of Yun Isang's death, his daughter, Yun Chong, founded the Yun Isang Peace Foundation. She felt sorry that she could not help her father during his lifetime, but she would be all the more active from then on to take care of his legacy and to make his music known all over Korea and beyond. She believed that many Koreans, from North and South, considered him a peace icon even if they did not sympathize with the northern regime. I attended the opening of Yun Chong's shop in Pyongyang. She used the profits generated there to support the Yun Isang orchestra performers and their family members in Pyongyang. I sometimes saw her arrive at the airport in Pyongyang with huge cases that contained elegant and fashionable clothes, bags, and shoes as well as fashionable and valuable jewelry bought in neighboring countries. She developed a good business sense. We once discussed the joint opening of a high-end drugstore, as her clients, who could afford to buy these high-priced items, were in the same bracket and they were growing with the emergence of a middle class with money. The profits would have been used to fund the orchestra.

Ironically, South Korea's president Park Geun-hye who was impeached and ousted in 2017 is the daughter of Park Chung-hee, the South Korean president who had Yun Isang abducted and tortured. To add insult to injury, his daughter blacklisted the Yun Isang Peace Foundation in South Korea. After her presidency crumbled, the current South Korean government lifted the ban and allowed the foundation to organize various [concerts in 2017](#) to celebrate the 100th anniversary of the birth of late composer Yun Isang.

## **THE CONSERVATIVE AMERICAN WHO WAS TO GOVERN A PART OF NORTH KOREA**

Julie Sa is an [avid churchgoer](#) and a registered member of the Republican party in the United States. It surprised everyone when North Korea appointed this business woman and former mayor of Fullerton, California, to run an Economic Zone at its Northern border, what some believed would become North Korea's Hong Kong. Indeed, the Sinŭiju Special Administrative Region, as it was called, was meant to introduce full-fledged market economics, was modelled after China's Special Administrative Regions (SARs), Hong Kong and Macau, and, like them, had a "Basic Law" (기본법; Kibonpŏp). Before she stepped in, the 50-square-mile project was supposed to be run by the Chinese flower-growing tycoon Yang Bin, but he was arrested by the Chinese government, then sentenced and imprisoned for financial crimes.



She was upbeat and told me when we met in the Chinese border city of Dandong that she had already reached an agreement on 70% of all issues with North Korea's leadership and that she was confident that a 100% agreement could be reached soon. Sadly, this didn't happen and the project never materialized.

### **BUILDING BRIDGES TO HELP NORTH KOREA MOVE IN FROM THE COLD...**

The Vice Chairman of North Korea's Chamber of Commerce, Ri Song Un, and I, then President of the European Business Association in Pyongyang, meet in North Korea's capital.






The DPRK Chamber of Commerce was founded on August 25, 2004. Its predecessor, the Pyongyang Chamber of Commerce had been inaugurated on March 1, 2000 and became an associate member of the International Chamber of Commerce (ICC), headquartered in Paris, France, in May 2000. The [ICC](#) is the world's largest, most representative business organization.

The European Business Association (EBA) was founded on April 28, 2005 by the 12 resident foreign business people representing European businesses in North Korea, which elected me as president. Founding members were representatives of DHL, British Tobacco, Sandvik, Aeroflot, Russian Fisheries and Korean-Polish Shipping Co. Ltd. to name a few. When at its peak, it had more than two dozens members.

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# European Business Association

유럽 기업협회 조선평양  
Pyongyang EBA

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EBA supports you to obtain visa and meet local businesses to establish successful relationships. Itineraries of business trips and fact-finding tours can include ethnical components to learn about the local society.


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Apply for EBA PY membership now and benefit from our special experience and commitment.

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*EBA's website*



*EBA members meet in a Pyongyang restaurant.*

Later Chinese business people set up a Chinese Business Association which, unlike EBA, survived until now. EBA had organized for more than a half-decade booths at trade fairs and also helped European companies to set foot in North Korea in other ways. Yet increased tensions and heavier sanctions that hurt businesses made European companies shy away from this increasingly cornered country. EBA ceased its activities when the last resident European business person left two years ago.

The meeting I then had with Mr Ri was aimed at reaching an agreement on how best to foster closer cooperation between European and North Korean enterprises and so develop more business opportunities for the two groups. European companies have gone and so have opportunities for peaceful mutually beneficial economic cooperation.

## **GETTING CONNECTED**

Every time after landing at the airport in Pyongyang I, like any other traveler, had to deposit my mobile phone there and pick it up when leaving the country. When the Thai company Loxley Pacific built North Korea's first mobile phone network followed by Egypt's Orascom company, which also set up a telecom joint venture company with North Korea's telecom called Koryolink, I was allowed to use my mobile phone with a local SIM card. North Koreans were excited and eager to buy a mobile phone even though it was very expensive for them, partly for practical reasons (due to a limited number of fixed line phones) and for emotional reasons, like in China and Vietnam when people loved to show off their new gadgets.





Boys, who do not yet have a mobile phone, are using a public telephone booth instead.





A father talking on a mobile phone.



My mobile phone and SIM card.

A few years after Koryolink was launched, it had more than 3 million subscribers which is quite a surprising development in a country of 24 million inhabitants. The foreign investment was very significant in that it helped empower poorer people outside the capital as mobile phones compensated for bad roads and slow postal services, allowing information to move more freely and faster, helping to make markets more efficient and unleashing entrepreneurship.

## THE FOREIGN INVESTMENT MAKES A DIFFERENCE

The first shops started selling branded products from Coca Cola, Nestlé, Procter & Gamble and Disney in 2005 thanks to more openness to foreign trade and investment.



Later, this Chinese-invested shopping mall in Pyongyang offered an even wider range of imported products.

## **7. A FOREIGN BUSINESS MAN'S LIFE: VENTURES AND ADVENTURES IN NORTH KOREA**

### **MOVING AROUND**

In the capital I was driving my car without a driver. When traveling to distant, mountainous areas I usually had an experienced, careful driver (who formerly served in the military as a driver) with good mechanical skills which is a survival guarantee in distant, mountainous areas with no one to help in case of a mechanical break down.

Sometimes I used domestic flights, trains and seldom, the Pyongyang metro.





On my way to work by car early in the morning.



Traveling by car to a market for shopping with a foreign visitor.



On the subway: Only two of the Pyongyang subway stations were open to tourists, prompting media “reports” that the stops were part of an elaborate setup. In 2015 the government opened all 17 stops to tourists and made an end to the speculations.

On the exceptional occasion where my staff worked long hours beyond the metro’s closing hours, I personally dropped them off at their homes during the cold winter nights.



Rush hour at the metro in Pyongyang.



Street cars in Pyongyang.



Queuing for the bus.



This taxi was built domestically at a car plant in Nampo, North Korea.



Alternatively, there are “taxi trucks” to choose from like this one.

**COP THIS!**

Stern, Charming or Funny? Perhaps all three?





You may learn more about the meeting of a foreign capitalist and traffic police women in North Korea in *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom...*

### **MORE FLAGS THAN FOOD!**

Shopping for food in an unheated department store in winter with your young kid may not sound a good way to spend your time...





...but new and better ways to shop there were gradually emerging.

### **THE GREATEST SHOCK IN WORLD CUP HISTORY WAS CAUSED BY A NORTH KOREAN FOOTBALL TEAM!**

On June 1, 2010, *AFP* wrote: “North Korea 1 Italy 0. Four decades on, the sensational defeat of the two-time world champions by a team of unknowns from the insular nation ranks as perhaps the greatest shock in World Cup history.”

The North Korean national soccer team obtained their upset victory over world champion Italy in Middlesbrough, England, on 19th July 1966. For a few days in the summer of 1966, Pak Doo Ik, an army corporal, was the most famous footballer in the world; he was the scorer of the goal that knocked haughty Italy out of the World Cup.



I was the ABB Group's resident country director in North Korea and we were one of the sponsors of a documentary film by Dan Gordon and Nicholas Bonner on this historic sport event. The picture shows Pak Doo Ik (sitting in the middle), who is still hugely popular in North Korea, other members of his soccer team and myself.

## **IRON-WILL FOR OLYMPIC GOLD**

Ms. Pak Hyon Suk was just 23 when she grasped her Olympic weightlifting gold medal in Beijing in China 2008. In a heart-stopping final lift she needed to clear 135 kgs in the clean and jerk to either beat her nearest rival by just 1 kg or face elimination, having already failed twice at that weight.



The undoubted fighting spirit and iron will of this deceptively slight young Korean woman deeply impressed me. So I was delighted to be able to meet on her return to Pyongyang to add my personal congratulations to those from millions of her proud compatriots. For Ms Pak the lucrative PR and advertising contracts showered on successful sports people in more market-oriented countries were not available. But she was deservedly rewarded for her remarkable achievement by her government with a house in Pyongyang and a car.

### **A NORTH KOREAN SOFTWARE COMPANY ASTONISHES THE GLOBAL IT INDUSTRY**

*NOSOTEK JV, or The Number One Software Technology Joint Venture, to give it its full name, became the first western and North Korean (DPRK) joint IT venture in the country.*

Computer training classes became highly popular among North Koreans from 2001, when the then leader Kim Jong Il declared the twenty-first century to be the “century of information technology.”

[Nosotek](#) was able to come into being because of the large pool of highly-qualified and talented mathematicians and scientists in North Korea and its



youth's enthusiasm for IT. The country held other competitive advantages for a fledgling IT company: IP secrecy and minimum employee churn rate were structurally guaranteed. So the perennial problem of leaked intellectual property, such as source codes or data, faced by similar companies engaged for IT outsourcing in other countries, was virtually nullified.

Whereas it has benefitted from these advantages it has also faced a crucial competitive disadvantage: working on projects online with clients is common practice in this industry, but our software engineers were not allowed to deal with clients online for political reasons.



*The picture shows the founding act of Nosotek, with Ju Jong Chol, vice president and deputy CEO (1st from left), Felix Abt, vice chairman (3rd from left) and Volker Eloesser (4th from left), president and CEO of Nosotek.*

Nosotek has achieved remarkable success for a new company in a country strangled by Western sanctions and handicapped by domestic hurdles. It has quietly created and launched a variety of popular [games](#), including one “very big” role-playing game for the Nintendo Wii. But it has also produced award-winning medical software, and one of its iPhone apps reached Apple’s Top 10 list in Germany.

## **NORTH KOREANS OUTSIDE THE CONCENTRATION CAMPS – AT THE BEACH!**

Western media have relentlessly vilified North Korea over the last few decades, preferring to focus on the mass starvation that followed the series of natural disasters in the 1990s, exaggerating the scale of concentration camp incarcerations and portraying the regime as totally inflexible, intolerant, aggressive and oppressive. No coverage has been given to the efforts to recover from the natural ravages of the ‘90s (and with the added burden of crippling sanctions), the changing ideological and economic conditions within the country



or in the everyday lives of the people, who are generally perceived to endure a monochrome, joyless, downtrodden neo-Orwellian existence.

It was surprising then, that in August 2014 the *Wall Street Journal* ran a piece under the headline “A rare look inside North Korea: a photojournalist snaps unusual glimpses of an isolated nation” about a new photography book. Less surprising, perhaps, was the reaction of the readership, which generally belittled the article and the photos as being more akin to tourist holiday snaps, and of the paper itself, which changed the headline from the initial fairly neutral one, to the much more highly charged: [A Lens Peers Inside North Korea. Posing as a tourist, a photojournalist snaps images of life under a repressive and isolated regime](#). The change speaks volumes for the editorial leanings of the publication and does little to reassure readers of a balanced and objective account of affairs in North Korea! It surely puts into question the integrity of previous reporting, which included over-stating the number of deaths in the 1990s famine by a factor of 4 or 5 from the generally accepted figures of impartial sources. In common with many other Western publications, at least where North Korea is concerned, the *Wall Street Journal* is far more faithful to its own ideological perspective than it is to representative, informed and unbiased reporting.

At about the same time the *Guardian* tweeted [Hanging out at the beach in #NorthKorea – pictures like you’ve never seen them](#) related to a piece in which it showed a series of photos of ordinary North Koreans having fun at the beach. Many years before this newspaper ‘scooped’ the revelation that there was life in North Korea outside the gulags and that everyone’s lives weren’t uncompromisingly drab and fearful, I had taken snaps of North Koreans on the beach, swimming, playing with balls and kites and sharing refreshments with me.

Had these publications been more open to the realities of life in North Korea and not so entangled with the popular myths of drudgery and subjection, had they, perhaps, read my book *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom* they might have been able to take a more phlegmatic approach and realize that such images represent more the norm than the remarkable. However, it is perhaps understandable that my book is of less appeal to them than the many tales of repression, fear and abuse from other authors that are reviewed and re-gurgitated: these books substantiate their own pre-conceived views rather than undermining their prejudices with acutely observed, first-hand accounts of what everyday life is really like in this grossly misunderstood Asian nation.



Nevertheless, I'm dedicating this photo to *The Wall Street Journal* and *The Guardian*. It shows myself, my wife and daughter and my North Korean staff at the beach of Wonsan, where – “hold the front page” – we are having a fun day out.

## **DARK PLACES IN NORTH KOREA**

Abuse of human rights and in particular incarceration without trial and for political expediency is universally condemned and rightly so, whether it is taking place in super powers like China and the USA or in easier targets such as North Korea. North Korea is habitually portrayed in the West as a country of nightmares, where every citizen lives in an Orwellian terror of the door being kicked down in the middle of the night and the residents disappearing never to be heard or spoken of again. ‘Gulags’ do exist in North Korea: it was estimated by the UN in 2014 that they contain between 80.000 and 120.000 prisoners, or between 0.33 and 0.5% of the population. An unforgivable fact, but from the disproportionate way human rights infractions in North Korea are reported and dramatized by Western media, many people may be surprised that the figure is not a lot higher. It also raises the question: “What of the 99% of the population that are not behind wired barbs and able to pursue their daily lives in much the same way as any other individuals in other developing countries?” These people don't make international headlines and receive hardly any coverage in the West.



I thought it was time to reveal in my book *A Capitalist in North Korea* that many of the citizens of North Korea do, indeed, spend their time in dark and murky places, but by choice: in quiet unlit streets at night where, like young couples the world over, they can find a little privacy to hold hands, whisper endearments and get discreetly closer. Or in the dimly lit, but hugely popular karaoke “bars”: however unlike many other countries in Asia, where karaoke is similarly popular, the songs in North Korean often praise the pure country and its peerless leaders, and rarely have Celine Dion or Frank Sinatra in their repertoire. Critics of North Korea call this brain washing and mind torturing.

[Take a look at this video clip](#) of my North Korean staff in a dark karaoke room and decide for yourself how tortured they are.

## **DIALOGUE FOR RESULTS - NOT CONFRONTATION!**

Ro Tu Chol, the chairman of the state planning commission and vice prime minister in charge of the economy, and I are exchanging smiles. Wherever an opportunity arose I lobbied for a law-based state, for a level playing field for all businesses, and championed the cultivation of an investor-friendly environment.





My efforts and those of other foreign business people were not totally in vain: changes in favour of business enterprises including my own were realized such as the right to advertise, a more favorable tax code and a better intellectual property protection.



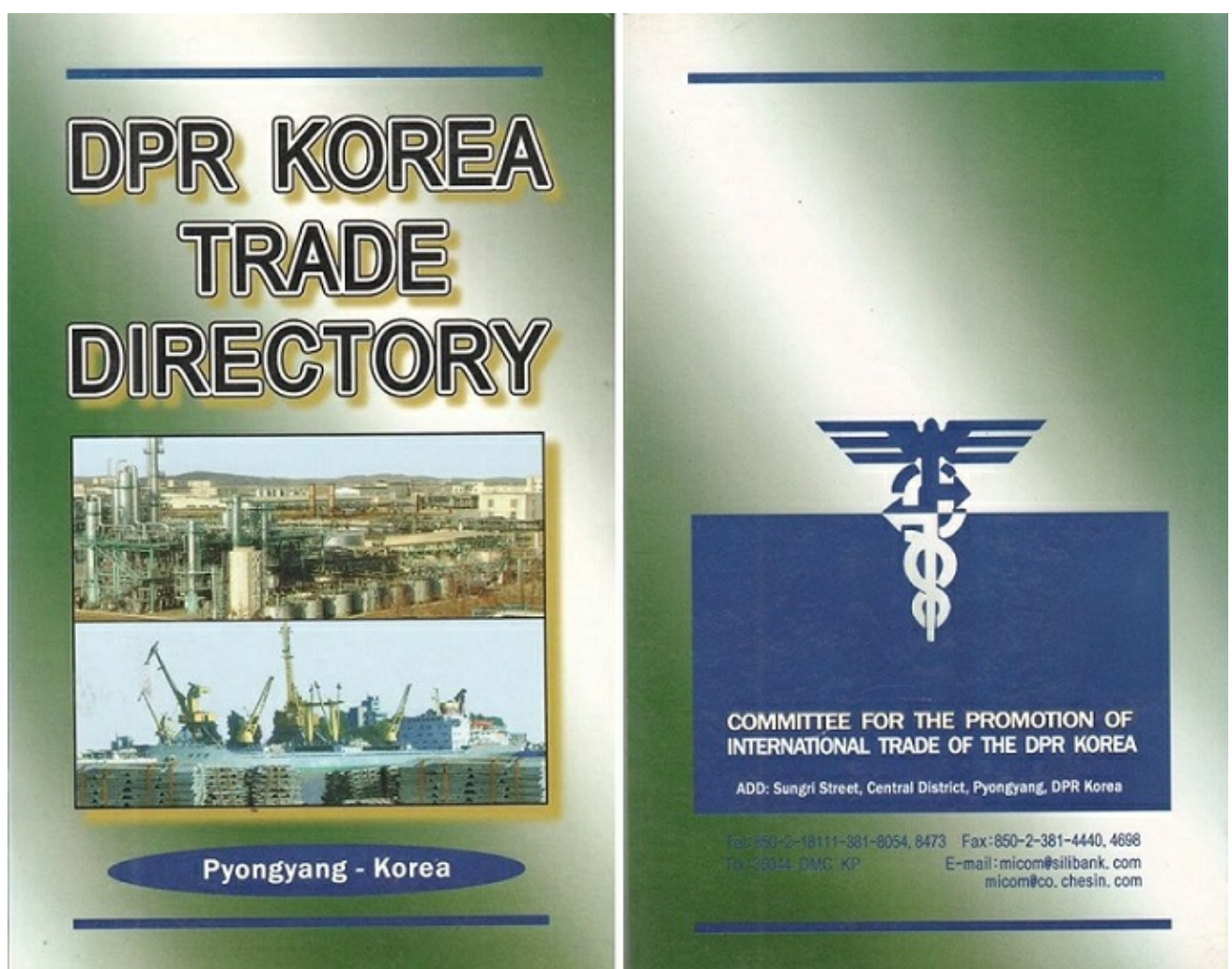
*Prime Minister Pak Pong Ju (right), called by Western media a “reformer”, visiting our booth at an exhibition. North Korea expert Andrei Lankov [wrote](#)*



about him that “North Korea’s Prime Minister is working hard for more freedom of enterprises.”

## SOURCE OF FRUSTRATION

The lack of readily available information for business people interested in emerging markets has always caused great frustration to them (including myself). And even when emerging markets are getting more organized and set up stock markets, the lack of disclosure and transparency by many emerging market companies still undermines investor confidence and reduces investment allocations, as many studies have shown.



Some potential investors told me that North Korea would be a nightmarish place to invest. One large hedge fund executive explained it as follows: “Such a paranoid nation will try to keep everything secret and share nothing with investors.” Sure, a nation which feels to be besieged by big hostile powers tends to be much more suspicious and even paranoid than a nation which has nothing to fear. Yet, to my surprise, North Korea has actually published an informative

directory without any propaganda hype, which introduced its two hundred largest companies with their full addresses, phone and fax numbers, as well as a list of all products each company imports and exports. Since I came across a large number of these companies, I was well-positioned to compare how precise the directory was, and I was impressed when I found out that it was quite accurate. It was a clear sign that North Korea has started to understand the needs of foreign investors.

## **OUT OF THE EXTRAORDINARY**

Spirax-Sarco Engineering plc is a leading British-based manufacturer and global leader in products and services for steam system management, for the purposes of increasing efficiency and saving energy in the manufacturing industry, using steam as a cost-effective energy source.



*Picture: The director of the foreign relations department of the Ministry of Energy Production and Coal Industry (MEPCI) and I as president of the European Business Association were happy to welcome and greet the executive of Spirax Sarco on the opening day of his new representative office in Pyongyang.*

During the time I lived in Pyongyang only four multinational companies set up shop there, namely British Tobacco, the ABB Group, UPS and DHL. Political pressure made British Tobacco, the ABB Group and UPS pack after a few years. Understandably, it was a very special event when, exceptionally, a new multinational corporation arrived to set up an official representation.

## **WHO HAS THE LAST LAUGH IN NORTH KOREA?**

There were a mountain of challenges as North Korea emerged from isolation,

but many new business opportunities as well.



“Early bird” business ventures could lead to spectacular failure or amazing success, whereby the latter was much less frequent. But to business pioneers elsewhere in Asia it was a déjà vu experience.

### THE PITFALLS OF DOING BUSINESS IN NORTH KOREA...

The screenshot shows the website of the European Chamber of Commerce in China. At the top, there is a logo on the left and the text "EVENTS UPDATE" and "THE EUROPEAN UNION CHAMBER OF COMMERCE IN CHINA" in the center. Below this, a blue banner contains the text "Follow the Chamber:" followed by LinkedIn and Facebook icons, and "Beijing Chapter" on the right. The main content area features a calendar for August with the 28th highlighted. To the right of the calendar, the event title is "Joint Ventures in China: how to avoid the pitfalls of operating a joint venture in China and planning for your exit strategy". Below the title, the date and time are "Thursday, 28th August 2014 at 09:00 - 11:00", the location is "Hilton Hotel Chaoyang", and the attendance is "Members: 250 | Non-members: 400". At the bottom, there are three buttons: "» Add to Calendar", "» Event Details", and "» Online registration".

...that academics, journalists and other non-business people have been so fond of emphasizing, has been a mere déjà vu experience for business people with experience in other new market economies.



*Remco Breuker, Professor at Leiden University, a North Korea “expert” and a political activist tweets the end of foreign investment in North Korea in November 2015.*



(tweet screenshot)

*Actually, the end of foreign direct investment was two years later, namely in September 2017 when the UN Security Council, pushed by the United States, de facto banned foreign investment (i.e. expansion of foreign invested companies and the set-up of new foreign invested companies in North Korea).*

## QUALITY MEDICINE GETTING TO THE PEOPLE IN NORTH KOREA

June 2014 marked the 10th anniversary of [PyongSu](#) J.V. Co. Ltd., the first foreign and North Korean invested pharmaceutical joint venture company. I was there to celebrate the occasion in Pyongyang along with other investors and the company’s directors, managers and staff.







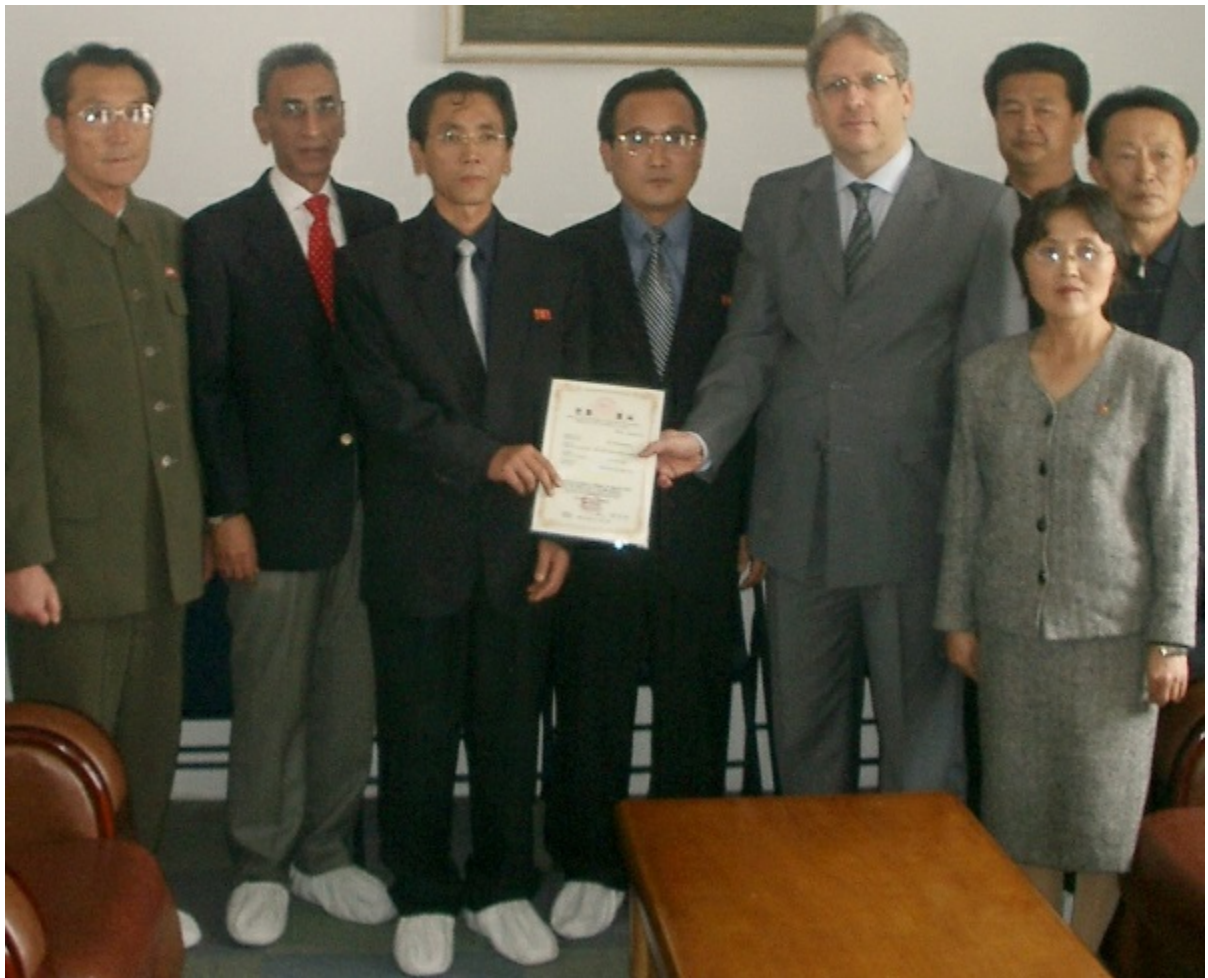
I congratulated Dr. Ju, Chairman at PyongSu, on the quality of the medicines being produced and the distribution efforts by the company to make them available to more and more ordinary people across North Korea.

Profits were reinvested back into the company to foster expansion.

## **WINNERS AND LOSERS!**

We were the first North Korean pharmaceutical company being recognized by the World Health Organization as meeting its Good Manufacturing Practice

(GMP) standard, an internationally recognized pharma industry standard, and the first North Korean company ever winning contracts in competitive tendering against competitors in foreign countries.



*Picture: The first pharma company in North Korea to receive a GMP certification by the Ministry of Public Health based on a GMP inspection report and recommendation by the World Health Organization (WHO) in presence of WHO representatives. At the same time, the North Korean government declared PyongSu as one of the top five foreign joint ventures in North Korea and as the model pharmaceutical company of the country. As a consequence we shared some of our know-how with our competitors to help raise their quality standards. As U.N. sanctions are banning the import of components necessary for medicine production, the company is now prevented from meeting WHO GMP standards.*

We had a lower cost and I added a lower margin to our price than our competitors. Still, I didn't squeeze salaries, but made sure our employees always had a total income that would allow them and their families to lead a decent life. We won all tenders with still a good profit margin though.





This was when Mr. O, my North Korean deputy and I handed the first large order of pharmaceuticals, won in a competition against pharmaceutical manufacturers in Asia and Europe, to representatives of the IFRC (Intl. Federation of Red Cross and Red Crescent Societies).



The WHO used to import pharmaceuticals its local organization distributed to needy hospitals throughout the country. The first two contracts I concluded with the WHO aimed at substituting imports by locally made products at a lower



price included Propranolol. It is a so-called beta blocker and is used for conditions such as high blood pressure, angina, irregular heartbeat, some symptoms of anxiety, some thyroid problems and can help protect the heart following a heart attack as well as help prevent migraines. The second drug produced for the WHO in North Korea was Mebendazole which is an antihelmetic to treat roundworms (particularly threadworms) in adults and children over 2 years of age.



One of the GMP-requirements is to make sure that any contamination in the production and the final product would be systematically identified. To that effect we needed this microbiological laboratory. But sanctions have banned the import of such equipment, spare parts and usables. Microbiological labs in pharma and food processing factories is mandatory standard equipment in the West and elsewhere in the world. North Korean pharma and food processing factories are the only ones on the planet which are now prohibited from having this. The people of North Korea are forced to accept substandard pharmaceuticals and food items.



Not a sweat shop: We treated our workers decently and offered friendly workplaces. These workers even had natural daylight at their workplace.

### **GOOD MEMORIES**

I reminisced about many happy memories on the unfortunate day when U.S. President Trump [clamped down on tourism and trade with Cuba](#), sabotaging engagement and the normalization of relations with the Caribbean island nation.



Together with the Cuban ambassador, his wife and other Cuban diplomats I sang the Cuban song “Guantanamera” (Spanish: “from Guantánamo, feminine” indicating a woman from Guantánamo) in the Vietnamese embassy in Pyongyang, on the occasion of a Vietnamese Lunar New Year (Tết) celebration.

### **BUSINESS IS GOOD!**

This is the message a “Capitalist in North Korea” sent into North Korean homes.





[GALO Magazine](#): Obviously, foreigners can be viewed suspiciously by some DPRK citizens. Were there times when you felt lonely being one of a very, very small number of foreigners in the country? How did you cope?

[A Capitalist in North Korea](#): Since I was involved in a host of different business activities which opened many doors and led to numerous contacts, I was soon known to many people. And after I was interviewed by the national TV, people in the street, elevators and restaurants smiled at me, nodded and greeted me amicably. I was perceived not only as a useful foreigner, but also as a friendly, trustworthy one, and bonding with Koreans was therefore not so difficult. So I never really felt lonely.

*Read the full interview [here](#)*

## **[NORTH KOREA OPEN FOR BUSINESS](#)**

When North Korea started its international trade fairs I, the so-called “Capitalist in North Korea,” stood shoulder to shoulder with ambassadors from Russia, Mongolia, Germany and China as well as North Korea’s Deputy Prime Minister



in charge of economic affairs. We can be seen here greeting the North Korean and foreign exhibitors.



Over the years, trade fairs in North Korea have substantially grown thanks largely to the presence of [Chinese companies](#).



*Chinese companies always outnumbered other foreign companies at trade fairs.*

However, it was striking that the presence of Western exhibitors was always marginal. The Western embargo policies and hurdles, such as the prevention of normal commercial bank transfers by Western “financial sanctions,” are held to

be largely responsible for dissuading many potential Western investors and traders.

## **THERE ARE MANY WAYS TO HAVE FUN IN NORTH KOREA**



And music is just one of them.





There is hardly any other country where so many know to play a musical instrument as in North Korea. Music education is a very important part of the school curriculum for North Korean children. Not only at public holidays when foreign visitors are in town, but all year round and during weekends. Music breaks out in the absence of foreign visitors; I stumbled upon families and groups of friends in parks or on river banks where they played music and danced to it.

I also observed men going fishing and older fellows that enjoy meeting each other to play *janggi*, or Korean chess. Women told me they went for dance classes where they learned different dance-styles, including salsa, rumba and cha cha.



Beer and soju help to make people feel more at ease and funny, and even look more attractive according to [British scientists](#). That's exactly what you can see here...



At times, masked dancers spontaneously entertained visitors in parks and elsewhere. Masked dance dramas have a long history in East Asia and the



Korean form is known as talch'um.

North Korea was not only changing economically and socially but also culturally. Indeed, since the early 2000s, North Korea has been reviving traditional holidays like the Lunar New Year, along with the more contemporary revolutionary holidays. The state was also trying to popularize long-forgotten traditional games such as *yut*, seesaw and kite flying. One of these new national holidays, the Chuseok Festival, takes place on September 12, marking the Korean harvest. Ancestor worship is common on these dates, similar to practices in the south. Before 2003, Chuseok was banned as it was considered a feudal tradition and incompatible with the Workers' party's socialist ideology. During this festival and on Lunar New Year Neolltwigi, a traditional outdoor game popular with women and girls is played. Women stand on each side of a seesaw-like board, called a neol, and it looks spectacular when they jump, propelling the opposite person into the air.

Other popular sports are of course the better known soccer, weightlifting and taekwondo. But more recently *ssireum* or wrestling has become popular too since the government has organized a National Ssireum Tournament. The winners have become national celebrities and have been awarded a "grand bull," a gold bull bell, and a diploma.

When I first saw it, I was astonished, since it looked so similar to folk wrestling native to the pre-alpine parts of German-speaking Switzerland. I wondered if Koreans had copied this sport from the Swiss or vice versa; indeed, [both](#) take place within a circular sand or sawdust arena and involve wearing a sort of belt, with the aim being to get your opponent on the ground.

## **FUN WITH THE WESTERN BOSS**

Yes, mixing with a decadent capitalist might seem outrageous and astonishing to many in closeted North Korea...



...but picnics, karaoke and other social events were appreciated by these hard working staff.

### **WORK HARD, PARTY HARD**

Indeed, the hardest workers I've ever met during my career where North Koreans. And they were not only diligent but also very eager to learn and become outstanding professionals. While my employees in other countries often complained when they had to work overtime, my staff in North Korea sometimes even asked to let them work longer, particularly when we built up a new business. Of course, good work needed to be recognized and warm words of gratitude and encouragement was not good enough.



Therefore I rewarded their hard work and determination to achieve our demanding goals with incentive payments (in hard currency) to an extent that other companies didn't. And from time to time we staged a party in our canteen or in a restaurant, which they not only deserved, but also very much enjoyed – and I enjoyed it too.

### **PLAYING BALL WITH THE NORTH KOREANS**

Fun and games can happen after a hard day's work, even in North Korea.





## **DO YOU HULA HOOP? AND AS PERFECTLY AS MY NORTH KOREAN EMPLOYEES DID?**

Hoola-hooping has had its up and downs (as well as its round and rounds) since it made its appearance 3000 years ago in Egypt, when children first swung hoops of dried grapevines round their hips.

Its later popularity in 14th century England is documented by reports from the

medical profession. Not, unfortunately, for the cardio-vascular benefits and ameliorating effects on overly-padded hips and waists that were claimed by 20th century marketing, but for the numerous dislocated backs and heart attacks!

Hoola-hooping became one of the iconic images of 1950s America where the craze made two Californian businessmen immensely rich when they sold 14 million plastic hoola-hoops in just 4 months.

And in North Korea in the early 2000s?



In that country where the Western media would have us believe that the populace is too oppressed, fearful and hungry to do anything that seems like fun, we can [see my staff](#) in Pyongyang swinging their hips like the best of them and, yes, having a fun time.

## 8. THE DETRACTORS

### **‘SHADY BUSINESS PEOPLE AND DOGS’ TAKE A BREAK FROM HELPING THE NORTH KOREAN REGIME PREPARE AN APOCALYPSE!**

“Unethical,” “shady,” “dog”: not the first, or even the worst, unflattering appellations applied to me, the “Capitalist in North Korea,” by anonymous writers on social websites. These particular epithets were first publicly proffered by a well-known Washington-based jihadi who’s been fighting for many years for “one free Korea” and for enforcing strangulating embargoes.



With me just ‘messaging about’ on Taedong River one Sunday is Heinz Walther-McDonnell, a fellow director on the board of the PyongSu pharmaceutical company. So is this how foreign business people scheme with their North



Korean partners to hide their joint “criminal” activities? Does renting this small rowing boat for an afternoon constitute propping up the DPRK regime? Obviously those who hate any engagement with North Korea believe so.

### **IS THIS FARMER IN A REMOTE NORTH KOREAN PROVINCE A MEMBER OF THE COUNTRY’S ELITE?**



*Felix Abt: ‘a strange character’ with ‘an agenda that can’t be figured out’; a modern day ‘British colonial administrator’.*

These were the opinions formed by Kathleen Cochrane, American author and journalist, stated in her review of my book, *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom*.

She seemed unable to reconcile her received perceptions of North Korea with my personal experiences and first-hand account of life in the country. Most western reportage of North Korea is more aligned with Ms. Cochrane’s fellow American journalist, Melanie Kirkpatrick, a long-term member of *Wall Street Journal*’s Asia editorial board, who depicts North Korea as a “slave state” and a “hell-hole.”

Ms. Cochrane reviewed a total of six books on North Korea: four of the others based on the harrowing stories of defectors and one by a British diplomat. But, while my, rather differing, view of the “Hermit Kingdom” was dismissed, since: “Mr. Abt seems unaware that he is only dealing with what must be the most educated, elite, and privileged in North Korea. Their experiences are not exactly

representative of the majority of citizens there,” she was happy to accept that the horrific defector stories about mass starvation, public executions and concentration camps do represent a true picture of most people living in today’s North Korea.

I don’t deny that I did meet with some of the power-brokers in North Korea: it would not have been possible to conduct business in the country without this contact, as indeed was the case in all of the many developing countries where I did business. But most of the time I was dealing with businessmen, engineers and workers with rather modest or no political power.

*Elite – “A group or class of people seen as having the most power and influence in a society, especially on account of their wealth or privilege”. (Oxford Dictionaries)*

So, do the doctors and pharmacists who couldn’t afford a bicycle, who I dealt with on a daily basis, qualify as members of the country’s elite? Or, indeed, the factory cleaners and machine operators I employed? What about the mining engineers and workers I supplied with training, safety equipment and other tools? The electrical engineers at power stations and the engineers at cement factories; the managers and workers at garment factories; and the farm workers, depicted here, in remote provinces, would all, no doubt, be surprised to hear they are considered by Ms. Cochrane to be part of the fabled Pyongyang elite.

To form your own opinion of just how “strange a character” I am, or whether I am qualified to comment on the true state of affairs in North Korea, just read *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom* yourself.

## **MY FIRST ENCOUNTER WITH BRITISH AMBASSADOR EVERARD - A MAN OF STRONG CONVICTIONS.**

*Did he help bury the Pyongyang Business School?*

A few weeks after his arrival in Pyongyang, I happened to meet John Everard at the bar of the RAC ("Random Access Club") at the building of the World Food Program where expats often met after work. (More about the "RAC" later).

After a long working day I felt thirsty and needed a couple of beers before going to bed. I didn't know the man sitting close to me at the bar, but we soon started chatting away. The topic in the news headlines that day was the U.S. accusing the DPRK of counterfeiting U.S. currency. Having read literature by Klaus

Bender, a renowned banknote expert, the statements of the Swiss Federal Police, known for their renowned expertise on banknote counterfeiting, and the South Korean spy agency, who watch North Korea closer than anyone else, I found that all refuted the accusations. I told my interlocutor that the claim was not substantiated and that even the South's spy agency, who should know better, denied it. (Read the full story about the alleged counterfeiting [here](#)). "No, the story is true and the spy agency are liars," he retorted. From this moment on I knew Ambassador Everard was a man of strong convictions based on firm ideological beliefs. Soon he got the reputation among business people, but also among politically moderate diplomats that he was a political hawk and a strong advocate of regime change and against anything that he believed would keep the North Korean regime in power.

Once a Swiss parliamentary delegation visited Pyongyang for a fact finding mission during a hot summer month. The German and the Swedish ambassadors, both politically moderate and preferring engagement to isolation were then not in Pyongyang. The parliamentarians were thus briefed by the British ambassador who happened to stay in the capital then. When a parliamentarian told me that the ambassador had considered the engagement by the Swiss Development and Cooperation Agency (SDC) as helping prop up a brutal regime, I was upset. SDC was a sponsor of the Pyongyang Business School which I co-founded and managed and his opinions could have negatively influenced the Swiss parliament. Although his influence may not have been important and certainly not decisive, the Swiss parliament did indeed decide later to stop development cooperation and cut all funding for the Pyongyang Business School, as I have mentioned earlier.





*Picture: Opening gala for participants and guests at a Pyongyang International Trade Exhibition. Felix Abt chatting with the Chairman of the DPRK Chamber of Commerce at the honorary table on the left, Ambassador Everard sitting at the opposite table with a lady with a white beige dress seated to his right.*

Nevertheless, his [portrayal](#) of North Korean lives is more balanced and more moderate now than I would have expected from him and certainly worthwhile reading. Ironically, some readers of his book have criticized him for his more balanced views and more objective story-telling. They still maintain the strong ideological convictions, nourished by sensationalist journalists and book authors who told them over many years that the country was a hell hole and that North Koreans are the slaves and inmates of a gulag state, brainwashed robots blindly executing the orders of the leadership...

## **THE BANNED NORTH KOREA INTERVIEW**

*This interview was taken by [The Penn Political Review](#), a publication by the University of Pennsylvania, the Alma Mater of Donald Trump and Ivanka Trump, in October 2016.*

*It was not published! The publishers say it is a magazine which includes “a wide spectrum of student, faculty, and guest opinions from the University of*

*Pennsylvania and beyond.” And they also explain it is “[created and motivated by freedom of speech](#).”*

*Perhaps they are not motivated by it, but I am and that’s why the interview is now published here!*

## ***A SOBER LOOK AT BUSINESS AND INVESTMENT OPPORTUNITIES AND RISKS IN NORTH KOREA***

*Penn Political Review (PPR): What are some of the most profitable investments in North Korea?*

Felix Abt: Since many consumers have risen from a destitute level of income over the last 15 years to a level that covers basic needs or that reaches a middle-income, or even became part of the emerging entrepreneurial middle class, consumer-oriented businesses, from fast-moving consumer goods to telecommunication, have seen a significant boost in sales and profits. The mobile phone subscription by more than 3 million inhabitants of this country of 25 million within a few years illustrates this development. This has been rather breath-taking by North Korean standards.

As a result, the processing of products such as cloth or leather to meet consumers’ rising demand for affordable yet more trendy clothes, shoes and bags has made sense for small and medium-sized Chinese and other investors. Other items currently made in North Korea by foreign investors, which can be partly sold domestically as well as exported to China and other Asian countries, range from artificial flowers to false teeth. Since the manufacturing of such products is rather low tech and requires only a 6- to 7-digit USD investment, they have attracted dozens of smaller Chinese manufacturers.



Together with Dr. Jon Sung Hun, CEO of North Korea's Pugang Group. Pugang has been called "[the North Korean equivalent of South Korea's Samsung Group](#)". This North Korean business leader was repeatedly featured by the Financial Times, the [Washington Post](#) and [others](#). He is a great marketer of - in his own words - "cool motorbikes" and of natural products with allegedly extraordinary health benefits, something which is very much loved by journalists in desperate need of writing sensationalist North Korea pieces (and to attribute his personal marketing claims to the country's leader).

This former Kim Il Sung university professor has a gregarious and humorous personality. He wasn't offended when I dared to make fun of his "[miraculous](#)" drugs. To journalists it must be surprising (and perhaps disappointing) that I wasn't sent to a gulag or at least instantly expelled as a consequence of challenging the claims made by a prominent member of North Korea's elite.

*PPR: Can western companies expect these markets to be opened soon?*

Abt: North Korea has been open for foreign investors and traders for about two decades. When I compared the Foreign Direct Investment (FDI) laws and regulations of China and Vietnam with North Korea's more than a decade ago, I couldn't notice, at least not on paper, any significant differences. But let's look at the bigger picture:

1. We have to keep in mind that emerging or frontier markets are high-risk markets with a very high rate of business failures that will decline only over many years as all stake holders learn from a lengthy trial and error period. Prudent investors in these markets clearly prefer to invest in smaller projects or disburse larger amounts of capital over a long period of time to minimize risks



and even try to keep control over key components of their North Korean manufacturing venture.

Let me illustrate this protracted process with a concrete example: In the nineties the German chancellor and the Vietnamese prime minister set up a German-Vietnamese dialogue forum where complaints and issues between German (and other foreign) investors and their Vietnamese counterparts were addressed. I was an active participant as I was then representing a large pool of German companies in Vietnam. Over many years the thick book full of issues became thinner. Both sides went through an important and unavoidable learning process leading to a smoother investment and business environment which helped Vietnam's economy achieve extraordinarily high growth rates.

2. Though the long-term market potential of an emerging market may be high, business volumes at the beginning are usually small, and so are profits. Investors in such markets think long-term and invest in a strong market position (that is high market shares) to harvest over-proportionally when the emerging market gets more mature and larger. (Followers who try to avoid the risks, the “early birds” take, enter the market at this “late” stage but will then have to pay a high market entry price as they'll face an uphill struggle against the established competitors).

And,

3. Let's not forget that entrepreneurs always take risks and that most entrepreneurial start-ups fail, and not only in emerging markets.

*PPR: How is the legal system changing to attract foreign investment?*

Abt: The legal system is following the changes in society, and they have been quite dramatic under the surface, hardly noticed by the outside world. Let me illustrate an important point: When I settled in Pyongyang advertising was still illegal. That was truly upsetting for a foreign businessman. But I discussed the necessity of doing advertising to allow my enterprise to survive with the authorities for quite a long time until I was allowed to start doing advertising. And you can imagine how pleased I was when a student of the Pyongyang Business School which I co-founded and run, officially set up North Korea's first advertising company.

To give you another example: Staff was at first always allocated by the state. Thus I had not been allowed to choose from different candidates when I hired

employees. I wanted to change that too: I once saw a very enthusiastic North Korean lady successfully selling stuff at an exhibition. I was impressed and decided to hire her. After lengthy negotiations we reached a deal with her employer who allowed her to quit and join us. With such “deals” we managed to get the best suited staff from various organizations thereafter.

*PPR: In your opinion, has Western media misrepresented the development in the country?*

Abt: Western media reports contain lots of opinions, mostly biased, and speculations, often unfounded, but few facts and seldom an objective analysis. So as an investor in such a frontier market you learn much more by talking to five different Chinese entrepreneurs on their experiences in North Korea than reading all North Korea articles published by the *Wall Street Journal*, the *Washington Post* and the *Economist* combined.

One example: North Korea is portrayed as the world’s most corrupt country by the mainstream media. When I was a regional director of a pharmaceutical multinational corporation in Africa we were often confronted with health officials and gatekeepers who tried to use coercive ways to press personal gains out of my company. So when, for example, we wanted to launch an effective anti-malarial (after other anti-malarials had become ineffective due to overuse causing high resistance), a health minister of an African country could come up and say that he would only allow the registration, that is admission, of this new pharmaceutical if we sponsored his son’s university studies in the United States.

However, when I ran a pharmaceutical enterprise in North Korea I was never confronted with demands to bribe anybody to get the pharmaceuticals registered and onto the pharmacy shelves. I was involved in other businesses in North Korea and there too I was never confronted with the nefarious demands that I had found quite frequent in the other developing countries where I had done business. Of course, there is corruption but at least foreign investors are clearly less confronted with it in North Korea than in so many other developing countries. That’s based on my private comparisons with investors in other developing countries.

*PPR: How profitable were your own ventures?*

Abt: There was a good measure of business failures for a number of reasons – and I couldn’t blame all of them on North Korea. But overall my ventures have been profitable, albeit profits were quite moderate. And the profit and other taxes

we paid to the government would not have been large enough to help fund the political system for a minute, let alone help finance the country's nuclear program.



*Medicine as well as medical instruments which we exhibited used to be highlights at trade fairs in North Korea.*



*Visitors were almost overrunning my company's booth.*

*PPR: Moving forward, what factors will determine the development of business in the country?*

*Abt: At present, there is not much that drives business forward; on the contrary, most if not all industries require at least some products (such as so-called dual use items) for their manufacturing processes, which are banned by sanctions. If these sanctions are enforced, manufacturers will have a stark choice to make: manufacture either faulty products or shut down production. Also, the country's exports (coal, metals and minerals) have been banned by sanctions with only a few exceptions. If they're enforced, the country's hard currency income will*



vanish quickly and imports cannot be paid for any longer. Numerous other products, from American lipsticks to French cheese, to Italian salami to Swiss ski lifts and watches, considered as luxury, are prohibited as well. Moreover, North Korea's banking system is cut off from the international banking system. This has become so absurd that foreign investors have to bring money in a suitcase and have to collect their dividends in bags in Pyongyang. And if the U.S. succeeds in persuading China to prohibit North Korea's state carrier to fly to China, foreign business people with little time to waste will be forced to undertake long train journeys to and from North Korea.

Obviously, current U.S. and South Korean government policies are aimed at bringing the DPRK down. It means that any business considered legitimate in other countries, are now increasingly "illegitimate" in North Korea, as such policies tend to ostracize and criminalize all business activities with this so-called pariah state. And in a jungle of sanction laws and regulations that differ from country to country, foreign business people sourcing across the globe without always knowing the exact origin of an item can easily be held responsible for any of the numerous sanctioned products in any country and incur huge reputational damage, regardless of the fact that they're used for civilian purposes. So doing business with North Korea makes you prone to becoming a serious casualty in an economic war.

For these reasons, I have started divesting my financial participation in North Korean joint venture companies. Other investors are likely to do the same and potentially new ones will shy away from the country. Not only foreign investors, but North Korea's middle class is also likely to be strongly hurt and massive poverty in the hinterland may re-emerge. Also, we should not forget that rising middle classes in formerly authoritarian Asian countries, from Indonesia to the Philippines to Taiwan, forced their regimes to change. It's an illusion that sending balloons with propaganda material to North Korea could transform it and that the domestic and foreign entrepreneurs couldn't. All hostile activities are doing is making the regime feel more insecure and having it allocate more of the very scarce resources to its self-preservation, while reforms are shelved and repression increases.

*PPR: How does one get a job like yours?*

Abt: The [ABB Group](#), a global leader in power and automation technologies, asked me to become their [resident country director](#) in North Korea and [build up their business](#) there. I had worked for ABB before, so they knew me. But I don't know the exact reason why they chose me. When they did I was reporting to a

Swedish member of the Executive Committee who had successfully set up one of the very first foreign-invested factories in China when it opened up. That had then definitely not been a task for the faint-hearted, but for a pioneer and change agent that he was. He expected me to follow in his footsteps in North Korea.

**UPDATE:** *Comments in reaction to this post from the [Facebook page](#) of A Capitalist in North Korea:*



## **A FAN OF AIR KORYO – THE WORLD’S WORST AIRLINE**

This promotional gift was offered to me and other passengers on a regular domestic flight by North Korea’s national airline, Air Koryo.



When I read the news headline: “World’s Worst Airline” that was cheerfully spread around the globe by Western media in October 2012 my first thought was of the infamous Ryanair. Surely, its notoriously dismal time-keeping record, poor service, deceptive and punishing fees, should qualify it for the epithet. Or perhaps the article was referring to safety standards, where a number of Latin American, Asian and African carriers I had used could compete for the title. But on closer inspection, I realised that there was only likely to be one candidate in the eyes of the West: the national airline of the country they most enjoyed “bashing,” Air Koryo of North Korea.

A rather different and undoubtedly more informed opinion emerged following the week-long “Aviation Enthusiast Tour” organised by David Thompson, a young British entrepreneur, in May 2012. Hundreds of aviation fans from all round the world gathered in North Korea to fly, and be flown in, a great range of aircraft. The flight skills of the Air Koryo pilots, trained on civilian and MiG-fighter jets, particularly impressed the cognoscenti, as they duly reported to the assembled media. And SRTechnics Co., a Swiss company specialising in the repair and maintenance of aircraft, similarly passed on their observation of the high maintenance standards of the North Korean craft.

“I have personally flown on much newer aircraft that have been in much worse condition than older Air Koryo aircraft,” said Mr Thompson to the *Wall Street Journal* in April 2014.



## A DISTURBING NORTH KOREA EXPERIENCE – CENSORED BY THE FREE WESTERN PRESS

When reporting on North Korea the Western media publish vilifying claims with alacrity; they have no qualms going to press without substantiation. The more disparaging and absurd or outlandish the story the more likely, apparently, it will make it into print: from an ongoing holocaust with bodies floating in North Korea's rivers and piling up on its streets (which bewilderingly has not been witnessed by either residents or visiting foreigners, nor picked up by the plethora of satellites monitoring the "rogue state" and, furthermore, it is hardly credible to equate this apocryphal carnage with a population steadily on the [increase](#)), to its leader shooting an amazing 11 holes-in-one, achieving an [unprecedented](#) 38-under-par game on a regulation 18-hole golf course – on his first try at golf. Were this story to have any basis in fact, surely the one place it would have been widely promulgated is within the country itself, to inspire the populace or praise the leadership, but very few North Koreans were aware of this preposterous claim, so widely spread in the West, and then only through Western media sources.

### ***NORTH KOREA SITE AN A-BOMB PLANT, U.S. AGENCIES SAY***

By DAVID E. SANGER AUG. 17, 1998

*This New York Times headline spread alarming fake news at a time when the Agreed Framework between the U.S. and North Korea, halting North Korea's nuclear program was in force and was working, that could stir up new tensions and perhaps sabotage the deal. When North Korea allowed the U.S. to send inspectors to Kumchang-ri to determine the purpose of the site, they [concluded](#) that Kumchang-ri was "unsuitable" for a nuclear reactor and "not well designed" for a reprocessing facility.*

Hawkish recommendations on how to 'deal with' North Korea similarly get plenty of media attention. For example Joshua Stanton, an advocate of the continuing strangulating sanctions and vociferously opposed to any kind of engagement with the hated regime, has his opinions readily quoted and published by the "free" press. But the supposed balance which Western media claims for itself is conspicuously absent in its reportage of North Korea. To attempt to prove the partisan nature of the press I submitted the article "North Korea: Stuck in the past or poised for the future?" below to the following media and opinion leaders:

*The Guardian, The Independent, The Times (of London), The Telegraph, The*

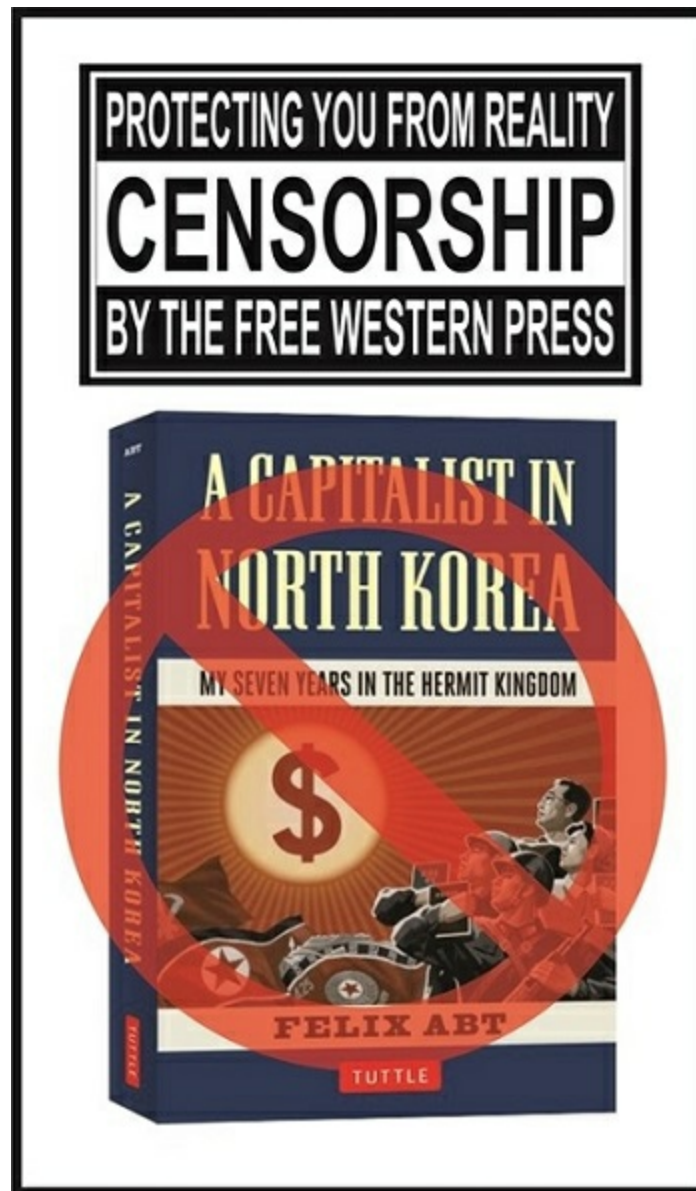
*Financial Times, The Washington Post, The Huffington Post, Wired, The Wall Street Journal, Bloomberg, Thomson Reuters, Forbes, The New York Times*

It was rejected by every single one. We can only conclude that they have no desire to publish views contrary to their established editorial position on North Korea, but rather seek to suppress such views, even when they come from a source with intimate personal experience of the state of affairs within the country and presenting verifiable facts. Wild, unsubstantiated claims make better copy instead.



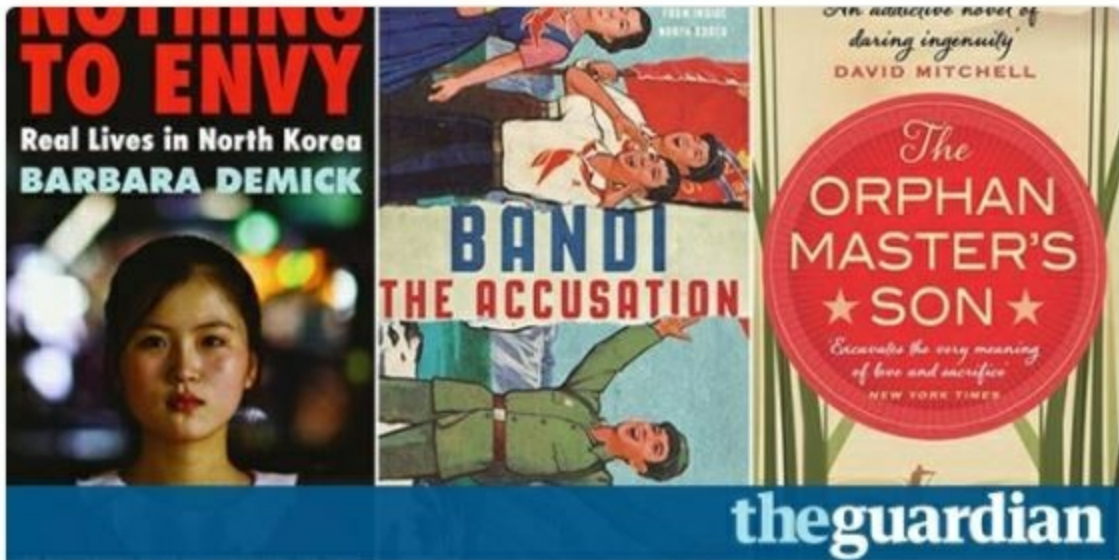
*In his tweet journalist Adam H. Johnson exposes habitual media bias and hypocrisy.*

With the exception of *The Financial Times*, ALL OF THESE PUBLICATIONS have also ignored my book, *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom*.



Other publications on North Korea, particularly where they tell horror stories of suppression and death, whether true or invented, get pages of media attention and praise.

The best books on North Korea: start your reading here | Pushpinder Khaneka



The best books on North Korea: start your reading here | Pushpinder Khaneka

A literary tour of North Korea shines a light on the **absurd realities** and **grim horrors** of life in this **cruel and capricious** regime over the past 30 years

[theguardian.com](https://www.theguardian.com)

*Tweet by The Guardian on October 7, 2017*

Even a [book by a tourist](#) who visited Pyongyang and its neighborhood for just one week got book reviews from Buzzfeed to the San Francisco Chronicle to the Library Journal in the United States. Since its author called North Korea the “worst place on earth” she apparently deserved the acclaim. Understandably, its writer, an American woman, hasn’t traveled to Somalia, Yemen, Iraq, Syria or Afghanistan as she could easily have been abducted, raped and killed there. Nevertheless, one week in the “hell hole” of North Korea, as it is referred to by other widely quoted book authors, deserves full attention.

## **NORTH KOREA: STUCK IN THE PAST OR POISED FOR THE FUTURE?**

***Experience shows that working with the North works; coercive policies don’t***

(Piece rejected by the aforementioned media, and first published in [NK News](#) on November 24<sup>th</sup>, 2015)



2015 has been a [record year](#) for the publication of books about North Korea. Many of these deal with the horrific crisis years of the '90s, characterized by mass famine, poverty and oppression. North Korea is portrayed as a country stuck in the past; laboring under brutal repression, poverty and hunger.

North Korean political activists also [claim](#) that North Korea's government still rigidly and violently suppresses all foreign ideas and information, saying citizens found watching foreign films are summarily executed and their close family members shamed and demoted in the social hierarchy. Vociferous defectors like Jang Jin-Sung categorically [state](#) that North Korea cannot be reformed and assert that change can only emerge bottom up, but never top down.

Yeonmi Park, another famous defector and author, [talked about](#) an ongoing "gulag with dead bodies floating in North Korea's rivers and piling up in the streets." If these horrific depictions are accepted as truly representative of contemporary North Korea, it would seem there is no possible alternative to systematically isolating it and imposing strangulating sanctions until it collapses. Human rights issues are similarly used as to bash North Korea, not with the aim of their amelioration, but to be employed as a tool in an [uncompromising fight](#) against the loathed regime.

Yet today's North Korea is very different from the country of the '90s. The economy has expanded substantially over the past 15 years, thanks largely to a burgeoning "informal" economy. Poverty has [dropped](#) and, equally visible, a middle class has emerged. A [poll](#) of North Korean defectors who recently arrived in South Korea concludes, highly significantly, that: "More North Korean defectors in South Korea are reporting they enjoyed a higher standard of living in North Korea."

Meanwhile Reuters [reports](#): "The *servi-cha* (privately run vehicles for goods trade and distribution) are another example of a growing tolerance for private enterprise within North Korea." Another [media report](#) adds that a "startup scene is quietly brewing in North Korea — with the blessing of the government."

Since the 2000s the state has tolerated more [private farming and trading](#), which resulted in substantially more food on the table of ordinary North Koreans. North Korea's cautious reforms are [paying off](#). Unsurprisingly, the rates of poverty and starvation have plummeted.

While there may be occasional clampdowns on consumers of non-authorized foreign films and books, nothing happened to any of my North Korean

acquaintances who watched foreign movies while I lived there, and such suppression has become increasingly rare. The North Korea historian Andrei Lankov [concludes](#) that repression has significantly reduced over the last decades: “The average North Korean has (fewer) chances to get arrested for a political crime than 15 or 25 years ago.” Joseph Kim, another famous defector and author even goes as far as [claiming](#) that “North Korea’s youngsters watch Hollywood films, South Korean soap operas and pornography.”



*Girl (with green jacket) on a school excursion in 2005, wearing a ‘Hello Kitty’ shirt*

That more foreign influence is penetrating North Korean society is plain to see and obviously tolerated by the government. This summer, visitors noticed, for example, a photo stand showing private photographers’ pictures of North Koreans with [Winnie the Pooh dolls](#) right outside the main revolutionary museum in Chongjin. In Pyongyang, there was a shop [reportedly](#) selling prohibited foreign cultural icons such as Spongebob Squarepants, Hello Kitty and Garfield soft toys and schoolchildren could be seen in shirts boldly emblazoned with “[Haribo](#).”

## CHANGING MINDS

The engagement of ordinary North Koreans in these reforms is beyond dispute. But is the engagement of the elite possible, and necessary, to promote further change for the better? In a country where the leadership wields considerable power to both prohibit and allow changes, the question is highly pertinent. And there is little uncertainty that the leadership is still firmly in power: “63 percent of North Korean defectors [believe](#) leader Kim to have majority support from people within the country.”



**Felix Abt** @felixabt · 44s

Of course, he blocked me on Twitter and then asks to challenge his #NorthKorea views...



**Joshua Stanton**

@freekorea\_us



Follow

Open challenge: name one significant positive change in North Korea brought about by economic or cultural engagement.

Undoubtedly, I wouldn't have been able to co-found [North Korea's first business school](#): that would have been considered a subversive enterprise aiming to overthrow the socialist system, just a few years earlier. Nor could I have initiated and co-founded the [European Business Association](#), the first foreign chamber of commerce in Pyongyang, as it was previously considered a foreign conspiracy. Similarly, advertising was formerly banned and considered anti-socialist, but I was one of the first to utilize it extensively. Even the setting-up of our pharmacy chain would have been unthinkable and considered an unpatriotic sellout to foreigners, out to conquer North Korea's pharmaceutical market. Other "firsts" I helped to initiate, revolutionary by North Korean standards, included the first [foreign-invested software enterprise](#) and [first e-commerce](#), which could not have been established without any engagement from the country's decision-makers.



*Students and future leaders of North Korea, eager to discuss business with foreign “capitalist” Felix Abt.*

An essential objective of mine was to further a welcoming investment and business environment that included the development of a law-based state, a level playing field for all businesses, state-owned and private, big and small, Korean and foreign; and to liberalize the economy to allow markets to expand and grow. To effect this, intense lobbying was (and is) necessary to convince party and government leaders that corresponding changes are necessary and in the best interest of the country.

One of the arguments I used in Pyongyang was that the North needed to build up a strong competitive economy in order not to be rolled over by the South. A scenario of reunification leading to the North becoming a giant sweat shop packed with cheap North Korean laborers, owned by South Korea’s few [\*chaebol\*](#) business conglomerates, exploiting its vast metal and mineral wealth for nothing, was not one the North wanted to experience.

Interacting with North Koreans at all levels has helped to change minds and behavior patterns. Recruiting staff, accessing domestic customers and suppliers, and undertaking product promotion and advertising in the local market were very difficult, near impossible, at the beginning. After countless meetings and discussions with authorities it became much easier – *déjà vu* of the experience of business pioneers in China in the ’80s and Vietnam in the ’90s.

The mindset of staff and suppliers had to be changed too. Without the consent of the government this would have been impossible. I tried to instill an obsession



for quality and service among these stakeholders, in order to grow, and to take market shares from our strong state-owned competitors. I also promoted critical thinking among my managers and staff to help us make better business decisions. The pharmaceutical factory I was running was not only recognized by the government as the model company for the pharmaceutical industry, it was also the first to reach WHO-recognized [GMP standards](#), which led us to share know-how with competitors to raise their quality and safety standards.

North Korean business partners had also to learn that agreements needed to be respected and that if they wanted to do business with us, ethical business practices were required. At the business school I co-founded and ran, we had a course on Corporate Social Responsibility. To help factory directors to adopt CSR standards I hosted a round of dinner talks for their superiors and senior party and government officials. Included in the talks were recommendations for a participative management style, rather than the more authoritarian practices that were pervasive in the country.

For companies I represented like [Dystar](#), a global dyestuff leader, I organized technical seminars for potential customers. Directors, technicians and workers of garment factories from across the country came to Pyongyang, most of them for the first time ever, to meet with foreigners to discuss state-of-the-art garment production.

Additionally, I refused to sell mining equipment to underground mines with poor safety records and practices. The companies I represented would not allow their technicians to be sent to unsafe mines and so mines were obliged to upgrade safety standards for their workers. To help facilitate this we were able to supply safety equipment necessary to help improve the conditions.

## TWO PATHS

If you engage and are present in North Korea, you can understand the philosophy and practices of North Koreans and you can exert a powerful positive influence. Coercion is a poor agent of change, but engagement is. Foreigners, be they diplomats, NGO workers, business people or even tourists, always leave a mark on the people's minds. Speaking with extensive first-hand experience, I know that positive, intense interaction can lead to many changes. While some of the engagement and conducting of business in North Korea may be seen to "prop up" the regime, it, more importantly, also helps to transform it. The confirmation of the potential success of this approach can be clearly seen in the emergence of China and Vietnam, which was precisely because of such a strategy and of the

opening of business to outsiders.

Further historical evidence of the success of engagement over coercion comes from the former USSR: of the first four Soviet students (from elite families) who studied in the West during the Cold War in the '50s, two became senior advocates of *glasnost* and *perestroika*. Yakovlev was one of them. He became party secretary and was a close ally of Gorbachev. It was not Gorbachev, but Yakovlev who was the architect and the driving force behind the Soviet Union's breathtaking changes.

Engagement works, yet the West has persisted over the last 60 years with its policies of sanctions and coercion. These have failed to achieve any improvement in the opening up and development of North Korea, but have made the lives of ordinary North Koreans more difficult and served to make the regime more insecure, defensive and resistant to outside influence.

☆☆☆☆☆

### Feedback:

*Two Koreanologists reacted on Twitter (see below tweet screenshots). These academics and “scientists” prefer to limit debates to the like-minded and suppress views they disagree with.*





Remco Breuker  
@koryoinleiden



Following

@benjaminkatzeff My sentiments exactly.  
The engagement or not discussion needs  
to be held, but with serious counterparts.

### EMPTY SHOPPING CARTS AND NO FOOD ON THE TABLE

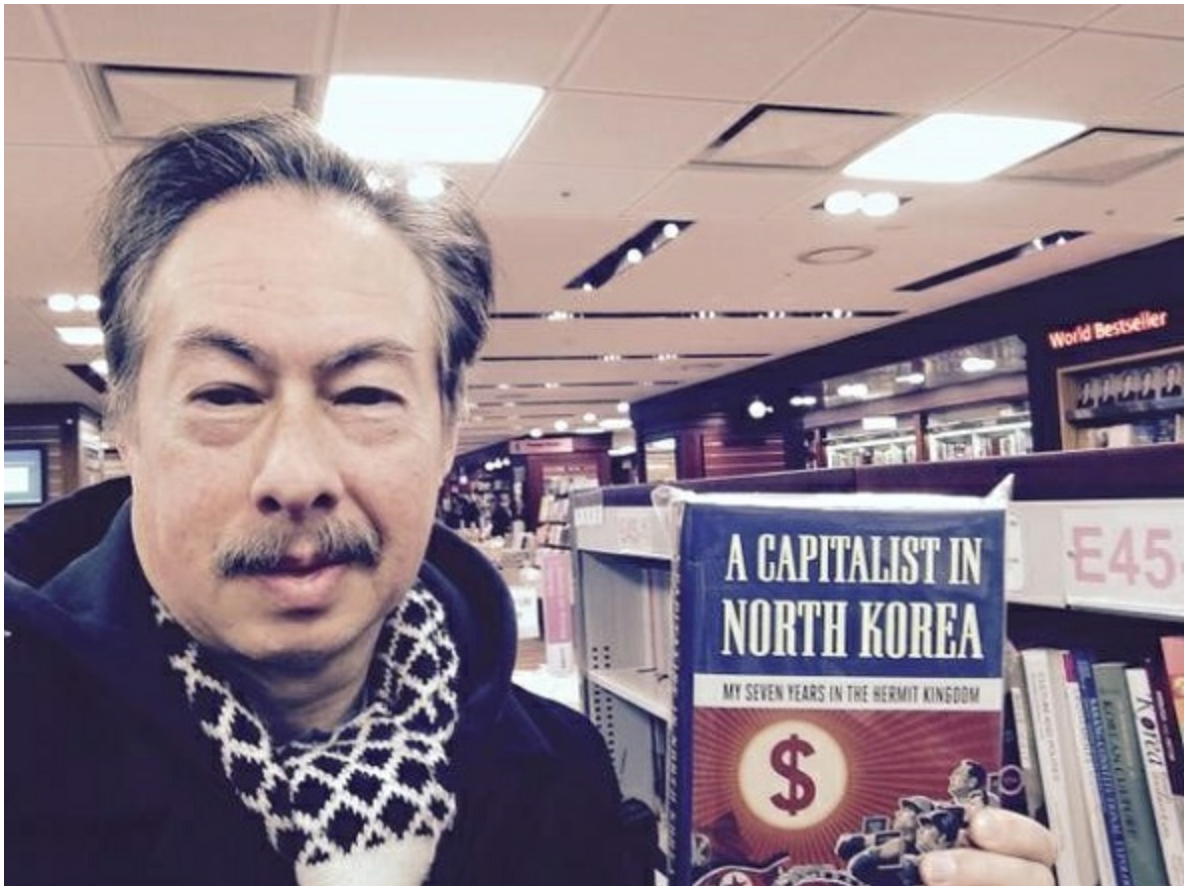
That's at least what the book cover of the Korean version of [\*A Capitalist in North Korea\*](#) suggests. I told this friendly banker and reader of my book whom I met in Seoul that I had no influence on the publisher and that an empty shopping cart seems to me to be a symbol of the nineties (collapse of public distribution system, famine), thus misrepresenting the book, which talks about what happened in the aftermath of that epochal crisis when shopping carts were getting fuller again.



But since South Korean media ignored the book and very few bookstores would sell it and, what I heard from readers, those who actually did put it in the most obscure corner of the shop, few will ever have a chance of seeing the empty



shopping cart anyway.



(Picture courtesy Paul Tija)

*Paul Tija, offshore sourcing expert, book author and consultant, once happened to find the English original book version in a Seoul book store. Now it's not available there any more.*

## **“THE WORLD IS ALLOWING A HOLOCAUST TO HAPPEN AGAIN**

**AND DEAD BODIES ARE PILING UP ROTTING ON NORTH KOREA’S STREETS AND FLOATING IN ITS RIVERS”**

*claimed prominent defector [Yeon-mi Park](#) in October 2014 [here](#).*

Yeon-mi left North Korea at the age of 13. She grew up with her sister in an elite family in Hyesan and Pyongyang. Initially, she spoke fondly about her upbringing, watching foreign movies. She says: “I had so much fun playing with my friends like go riverside and hiking and swimming or sometimes I could even play Super Mario game at our friends houses. You guys know what is Super Mario Game, right?”

Later, after Yeon-mi had joined a political activists’ group in South Korea, she



told the *BBC* and other media around the globe a rather different story of her childhood: one filled with fear and how eating grass was the only way she managed to survive. Her stories became more horrific over time and must certainly have met the expectations of the organizers of her speaking events, which according to her [agent](#) paid her from \$12,500 per speech, plus other fees.

Her statement about dead bodies in the rivers that she had previously claimed she had played happily next to with her friends, came as something of a surprise to me. I travelled extensively throughout the country during my seven years there, and while I admit that perhaps I didn't spend as much time on the riverside as Yeon-mi and her friends, it would have been very difficult not to notice the ongoing holocaust with "people's bodies pile up rotting on the streets." I never came across or heard from my many North Korean friends and acquaintances about dead bodies, let alone of cataclysmic proportions, either in rivers or in the streets during the time I spent there. (North Korea's catastrophic famine, when the U.N. official in charge of coordinating aid efforts estimated that around 600,000 people starved to death, was in the nineties when Yeon-mi was a small child).



My experience of North Korea's rivers was much like [Yeon-mi](#)'s original description: full of rather happy, playing children like the ones in his photo (with not a single corpse to spoil the fun).

☆☆☆☆☆

Defectors:

I'm often asked on what's my take on [defectors](#). I think most defectors (and I

even met some) are honest and their stories, although they cannot be verified, are believable. And I can understand defectors who left North Korea because they thought they could realize their dream of a better life. (That their dream most often [didn't](#) come true in South Korea is [another story](#)).

A few “star defectors” however undermine the just cause of ordinary North Korean defectors by inventing incredible horror stories or massively exaggerating negative claims to gain wealth and fame. One of the most famous defectors which the [New York Times](#) called “the poster boy for human rights atrocities” and the most prominent witness at the United Nation’s Commission of Inquiry of North Korean human rights violations was Shin Dong-hyuk. His story in the book *Escape from Camp 14*, became a global bestseller and was translated in 27 languages. But it began to unravel when other defectors, no less, began to talk quietly with a handful of South Korean reporters about their suspicions that Mr Shin and his family had never served time at the very harsh camp in what is known as a “total-control zone” as the Times reported. Under their pressure, he felt obliged to admit that he made up crucial parts of his story.

☆☆☆☆☆

And [here](#) is an answer to why North Korean defectors keep changing their stories.

## **SERIOUSLY, PIZZAS ARE BANNED IN NORTH KOREA!**



The “*shocking fact*” that pizzas are banned in North Korea was presented in a video in 2017 to 6 million viewers (see screenshot)!

Like [many](#) other “facts” presented by media about North Korea it was just propaganda millions of gullible viewers and readers will believe and spread through social media to millions of other people.

Now to the real facts: I ate my first pizza in Pyongyang already 12 years before this false claim, that is in 2005 at the Pyolmuri restaurant. This restaurant was set up by my friend Marcel Wagner (seen in [this video](#) which, of course, got only 65 views, see below screenshot) from the Adventist Development and Relief Agency ([ADRA](#)) International, with the objective to generate hard currency. The hard currency was needed to import and pay for spare parts, flour, etc., for an industrial bakery he set up. The bakery produced vitamin-enriched bread for orphanages. I’m proud of having supported that meaningful project.



But as I explained in my book *A Capitalist in North Korea* the pizza didn’t taste up to standards (at least in my perception) and I advised the Korean restaurant manager (also seen in the same video as Wagner) to invite an Italian chef from Beijing for a holiday to teach her chefs how to make real Italian pizzas.

Sure, executions and other bad things do happen in North Korea. Certainly,

people in the elite, more so than ordinary North Koreans, have to fear for their lives if they challenge the leadership. Since the threat to the leadership is real and may perhaps come from within the country, and certainly from the [outside](#), it has to be wary of regime change attempts. Indeed there have been many failed [attempts to assassinate](#) North Korean leaders in the past. And more such attempts are to come: In May 2017 the [CIA director](#) traveled to South Korea to discuss a plot to topple Kim Jong Un with a prominent defector. The U.S. government, respectively its Central Intelligence Agency, is an expert at extrajudicial killings with “[a long history of helping to kill leaders around the world](#).” And there is no doubt the CIA director is serious about his intentions when he stated that the CIA is “going to become a much more [vicious agency](#),” as if it hadn’t already committed a wealth of [atrocities and crimes](#).

Four years earlier the North Korean leader’s uncle-in-law Jang Song-thaek was involved in the latest known [coup attempt](#) against the leadership, allegedly backed by China. The plan was to overthrow the young leader Kim Jong Un and replace him by his half-brother Kim Jong Nam who lived in China’s gambling mecca, Macau, who later died under mysterious circumstances in Malaysia. US intelligence reports released by Wikileaks considered him as having close ties with China and that he was close to a pro-China faction in North Korea. Jang Song-thaek was executed. But a Hong Kong magazine made up the story of the man having been fed to 120 starving dogs. Media widely spread this best-selling falsehood around the globe without even citing a source!



*Google search for Kim Jong Un some months ago: 25 million results with desinformation on top.*



And of course, mainstream media instantly claimed Kim Jong Un was behind the killing of Kim Jong Nam who was to inherit the throne if the coup hadn't failed, that is long before police investigations have been completed and a trial against the presumed killers was carried out. Some called it a false flag operation, [here](#) and [here](#). It was striking the media immediately passed judgment without even asking questions on the eyebrow-raising way he died in this rather mysterious case; or why Kim Jong Nam met a [CIA agent](#) in Malaysia shortly before he was allegedly assassinated; and what was on the USB in his laptop, which was in presence of the CIA agent; or who gave him the [US\\$120,000](#) he had in his pockets on his way back to Macau from Kuala Lumpur's airport. Of course it can't be ruled out that North Korean agents organized an assassination but to so quickly pass judgment without even trying to seriously looking into this case is a typical trait of the biased media.

In other cases, media reported that singers, generals, and a famous architect were all executed at the order of the leader – sometimes even with anti-aircraft guns. When they miraculously resurrected in public later, most media didn't report it (or correct earlier misleading reporting).

Here is an example on how fake news about North Korea is often created: A NK-pop star and allegedly ex-girlfriend of North Korea's leader Kim Jong Un was [executed by firing squad](#) with machine guns for having acted in a porn movie.



*The Telegraph screenshots*

This news was first published by South Korea's conservative news paper Choson Ilbo on August 29, 2013. On the very same day media around the globe from the *Telegraph*, to the *Huffington Post* to *Wire* spread the news. Yet, the executed alleged North Korean porn star experienced a miraculous resurrection and was later [promoted](#), not to the board of directors of a porn producing company, but to the central committee of the ruling Korean Workers' party.

Sources of such fake news which mostly originate in South Korea are either anonymous, North Korean defectors or South Korea's spy agency NIS which gained some notoriety as a disinformation agency, an agency that manipulates [elections](#) and an agency which persuades North Korean diplomats and waitresses to defect to South Korea (some also call it an abduction agency).

In short, it isn't exaggerated to say that perhaps half of the media reports on North Korea are accurate, while the other half are not. The problem here is that you would still not know which half is right and which one is wrong.

## **SERIOUSLY, WIKIPEDIA 'EXPOSES' FELIX ABT AS A HUMAN RIGHTS VIOLATOR**

[Wikipedia](#) excerpts as of September 25, 2017:

### **Controversy** [ edit ]

Because of his investment strategies in North Korea, Abt has been called a "controversial figure" and a member of a "secretive group of Western investors" in North Korea. He has been called a "bottom fisherman" and "Switzerland's greatest embarrassment to humanity since [Third Reich financier] François Genoud."<sup>[50]</sup>

These [North Korean investors](#), including [Abt](#), use a strategy called "China Plus One" where a company "can still claim that the products were 'Made in China,'" says Abt, if less than 50 percent of the product is made in North Korea.<sup>[50]</sup> For example the highest-paid factory workers in North Korea earn \$75/month compared to the lowest paid in China at \$270/month. The product can still be labeled "Made in China", and thus exportable to countries around the world when using the "China Plus One" strategy.<sup>[50]</sup> This strategy has been [criticized for exploiting laborers in North Korea who experience human rights violations](#).<sup>[50]</sup>

So according to Wikipedia as of September 25, 2017 I'm "a controversial figure," "a member of a secretive group of Western investors in North Korea," "a bottom fisherman" and "Switzerland's greatest embarrassment to humanity since Third Reich financier Francois Genoud." And, it continues, claiming I have "exploited laborers experiencing human rights violations."

My worst trolls on the internet couldn't have mounted such a perfidious character assassination any better than the Wikipedia editors. Those who know me better know that I treated my workers in North Korea (and anywhere else for that matter) well, paid salaries plus incentives, rice, cooking oil, kimchi, etc., enabling them to lead a decent life. They felt well-treated and liked to come to work every morning. I also met family members who looked well-fed, well-dressed, healthy and contented. And some of my employees started their own

business which, of course, would not have been possible if they could not have made substantial savings when they worked for me.

Also, I'm glad my workers in North Korea had a much higher purchasing power than those of Wikipedia's source *VICE News* which slandered me for exploiting "abused" North Korean workers. And I feel sorry for *VICE*'s workers who, unlike my North Korean workers, can't make ends meet and pay their monthly rent, see [here](#).

So Wikipedia deemed it necessary to regurgitate and present these false claims as facts from a shoddy piece by this tabloid magazine.

In addition, *VICE* and Wikipedia also compare me to Genoud by calling me "Switzerland's greatest embarrassment to humanity since [Third Reich financier] [François Genoud](#)." Genoud was a glowing admirer and supporter of Hitler and a member of his Nazi party and later a supporter of terrorist groups. I can't remember ever having admired any state leader during my life time, with the exception perhaps of Nelson Mandela. They took this polemical statement from political activist Joshua Stanton (which *VICE* calls a "North Korea expert").

As bad as it was the worst Swiss with the most blood on their hands were not the minority of compatriots who sympathized with Hitler but those who left Switzerland to migrate to and settle in America together with other Europeans a few centuries ago where they first slaughtered native American peoples (which apologists mildly call "settler violence") and then enslaved African people to become good American patriots in a truly exceptional country with no "truth commission" or "holocaust memorial" for its victims. I'm glad none of my ancestors joined them to participate in a genocide.

Stanton, the authoritative original source, is someone who attacks people like myself who prefer a peaceful transformation through engagement rather than coercion in North Korea. (*"I wouldn't piss on Felix Abt if he was on fire," "I'm sure Abt could find another profession equally suited to his character, like selling cutlery to ISIS, or picking through the dirt at Auschwitz to scavenge for gold fillings," "My favorite anagram of Felix Abt is Latex Fib."*).



**Joshua Stanton**  
@freekorea\_us



Follow

My favorite anagram of "Felix Abt" is "Latex Fib."

[blogs.piie.com/nk/?p=14674#.V ...](https://blogs.piie.com/nk/?p=14674#.V...)

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1



He was stationed in South Korea as part of the U.S. military and later worked as a lawyer at the U.S. Department of Homeland Security. He also helped draft some of the most strangulating North Korea sanctions for U.S. Congress in seven decades. I have to concede that the efforts of Stanton and like-minded people to ban components necessary for the manufacturing of medicine succeeded in making it impossible to produce safe and effective pharmaceuticals at affordable prices for the North Korean people any longer. Not wanting to be involved in a company producing substandard medicine, I got rid of my shares at NDCP, the foreign majority shareholder of the Pyongsu Pharma joint venture.

The question arises here on how serious is an encyclopedia which uses *VICE* and Stanton as crown witnesses on North Korea and on people like myself. It intentionally ignored my business ethics and actual investment and business practices in emerging markets which I have explained publicly, for example [here](#) and [here](#) and [here](#).

Unsurprisingly, the “human rights violator” claim according to such an authoritative source as Wikipedia helped trigger ad hominem attacks on social media and in book reviews by activists. And it helps enrage the people who send threats to me. Also, my detractors attack me for not giving first priority to human rights issues (something most other North Korea book authors do). The academic North Korean Review in Seoul has offered a nuanced answer to them:

quote

*It is this honesty that makes this book (A Capitalist in North Korea: My Seven Years in the Hermit Kingdom) a good read and that immediately illustrates the absurdity of a businessman actually visiting a prison. It is unimaginable that a Swiss businessman based in Washington (or any other Western capital) would approach the respective government officials with a petition to visit the nearest*



*state prison to make up his own mind on the current human rights situation.*

*Some may question this oversight since the field of North Korean studies focuses heavily on human rights issues. While these are no doubt important, they should be kept in context, keeping in mind that human rights are being violated every day in many places around the world right under our noses. For this reason, as much as we value a human rights expert's report on human rights issues in or outside of North Korea, one has to equally appreciate this Swiss capitalist's account of doing business in North Korea.*

unquote

— North Korean Review, Vol. 11, No. 2, 2015, Yonsei Institute for Korean Studies, Seoul

### **HOW FAKE NEWS BECAME WIKIPEDIA REALITY**

So [Wikipedia](#) based its description of me on a [VICE News](#) piece bullshitting from the title

*(“**Secretive Group of Western Investors** – including myself - **Bullish on Business in North Korea**”) to the last sentence. Vice decided to ignore sober and informative explanations it got from me (see below).*

Interview excerpt:

quote

*VICE: Quick additional question, if you don't mind: re: your quote about established investors being able to "harvest over-proportionally when the market gets more mature and larger." My editors asked me about Orascom's recent troubles with their Koryolink investment in regard to this, as they would seem to be an example of one company ostensibly attempting to position themselves for later success. Can you expand on this at all? Should it serve as a caution for others, or were there other circumstances that explain it? Other than that, we're all set. [Jim Rogers](#) had some really interesting things to say, and thinks Korea will unify in a few years. He is REALLY bullish on DPRK as an investment destination.*

*My answer: Smart emerging markets investors would never invest in a mega project like Orascom's (which by the way had only a few years of contractual*

protection against competition). You would set up first a representative office in such a country doing market intel for a couple of years while developing a strong network and then start setting up smaller projects or medium-sized projects with capital disbursement over a longer time. And when you produce locally you make sure you have control over some key components which you keep importing. That's how you can control the sizeable risks inherent to such a market. Jim Rogers has been saying that in public for a couple of years but all he did is buy some gold coins. I guess he is smarter than what he appears to be when talking about North Korea...

In case there is reunification in a few years as he believes it will be a reunification by absorption after North Korea's collapse, which will be a rather unfriendly takeover by the South. Former landowners will aggressively reclaim land in the north, the new Southern controlled government would probably deny foreign investors' legal titles under DPRK-law etc. For South Korea and the U.S., the bonanza (from cheap labor to rare earths that high tech, military and other industries badly need, to U.S. troops on China's and Russia's doorsteps) will only come if the DPRK collapses. Current strangulating embargoes are indeed aimed at making this happen.

unquote

## EXTREMES MEET

The French call it “Les extrêmes se touchent”: both my detractors on the right and on the left agree that I'm a terrible person, an asshole or worse. It's because for right-wingers I'm a regime supporter and apologist and for left-wingers I'm the opposite, namely undermining the regime. It's beyond their partisan imagination that I could just be something like an observer trying to be as objective and neutral as can be when I tell my story. Yet as long as I'm under attack from both extremes it reassures me I can't do everything wrong.

*This American journalist and editor at the conservative magazine The Weekly Standard summarized it in his tweet:*

### Tweets



**ethan epstein** @ethanepstiiine

Felix Abt is a terrible person [ft.com/intl/cms/s/0/2...](https://www.ft.com/intl/cms/s/0/2...)

*Leftwingers' comments in a Facebook North Korea study group highly critical of the "Capitalist in North Korea" asshole:*



**Joshua Scott Klarr** Can we get rid of this "capitalist in North Korea" asshole

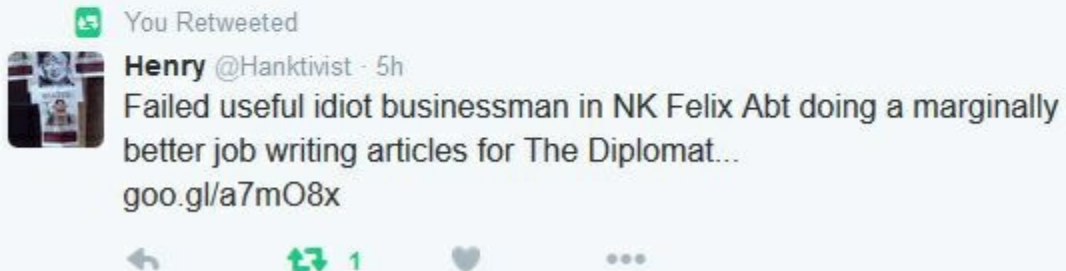
Like · 8 hrs



**Stephen Ulyanov** Instead of that, they ought to recommend the works of Kim Il Sung and Kim Jong Il. Best way to understand the DPRK isn't to read the works of western capitalists, who want to abolish socialism in the DPRK (by either overthrowing it or convincing them to "reform" back to capitalism)

*On the opposite side of the spectrum there is for example a troll who makes a living on North Korea activism by the name of Henry Song (Twitter name @Hanktivist). He is a self-proclaimed human rights activist who seems to hate free speech when it's not his own: he has frequently launched ad hominem attacks on social media against me and others he disagrees with. Fake human rights activists like Song can easily be recognized as they have blood on their hands. They of course don't oppose them but lobby for strangulating sanctions, a crime against humanity, which hurt and kill ordinary North Koreans.*

*Obviously, he and I have different business models: he has an interest in the maintenance of the status quo (conflict and tensions, sanctions and misery) to generate income from state and private sponsors allowing him to make a living. I have an interest in incremental reforms and in that the country is given the chance to flourish so that, if I have a business there, it can flourish too. My business model worked in other countries that underwent reforms, but Song and like-minded activists would soon be out of business if North Korea was given the chance to transform into just another "normal" country.*



And when it helps they all use me as their “useful idiot” by quoting me, from North Korea’s own news agency to the big anti-North Korea megaphones.



*Given North Korea is a highly charged topic, my book, the content of which isn't as horrific as that of others and therefore seemed to have disappointed many readers, got one of the worst rankings of all North Korea books on Amazon. This feedback on Twitter is rather an exception to the rule:*





## THE DEPRESSING LACK OF COLOURS IN NORTH KOREANS' LIVES

Most writers have portrayed North Korea as totally dull and colorless. Perhaps the way I describe the country – with more colors – is because I have seen a different side of things.

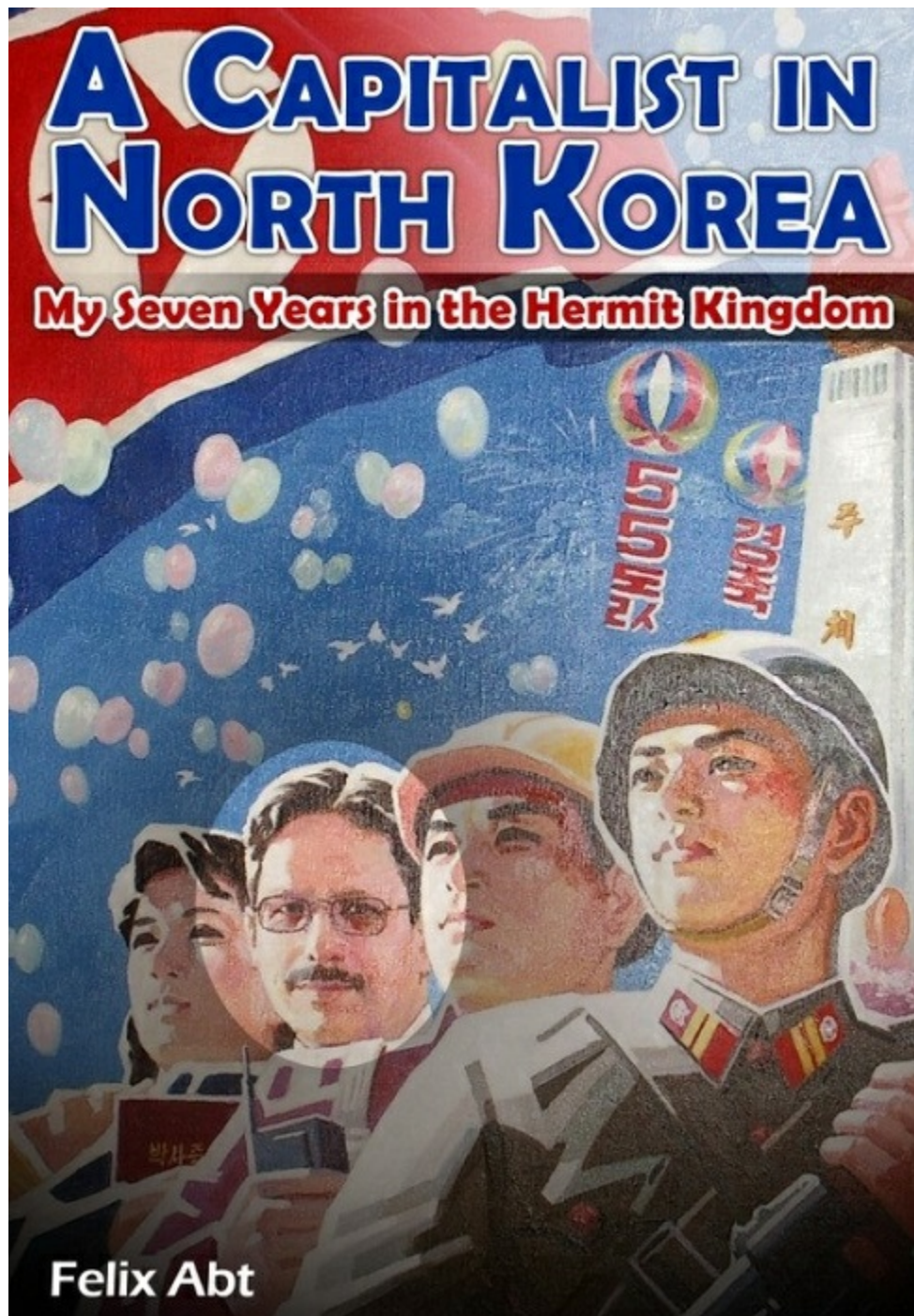
Indeed, the best-selling and widely quoted North Korea book, “Nothing to Envy: Ordinary Lives in North Korea”, published in 2009, claimed: “In the futuristic dystopia imagined in 1984, George Orwell wrote of a world where the only color to be found was in the propaganda posters. Such is the case in North Korea.”



Years before it was published, the pharmaceutical factory (left) I operated had been painted in green, a well-known pharmaceutical symbol. Many other buildings got more colorful as well after a paint factory was set up with Chinese investment. It reflected a cautious trend away from what Western media described as “totalitarian conformity” towards more diversity in all aspects of life. Sadly, given the overwhelming pressure on foreign-invested enterprises, including color paint manufacturers, to shut down due to the foreign-imposed economic embargo, a dull and colorless future for the North Korean people is on the horizon again.

## MAKE CASH NOT WAR!

It's telling when a news outlet from Russia, another country besieged by U.S. instigated sanctions, not an American news outlet, echoed a credo of mine: Make cash not war! The French economist Frédéric Bastiat who lived in the 19th century and who developed the economic concept of opportunity warned: "When goods don't cross borders, armies will."



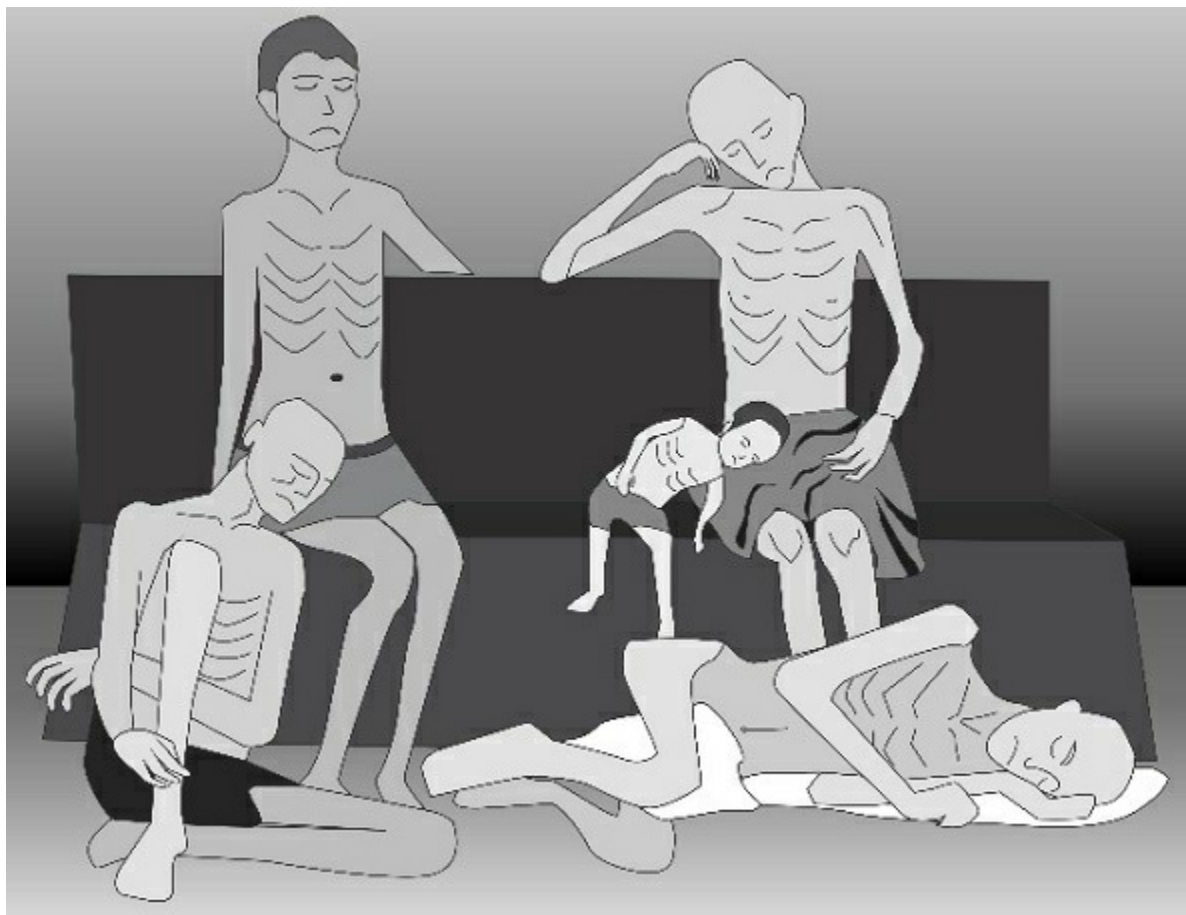
So American media who have a long tradition of happily embedding themselves in American wars have already and unmistakably taken sides. The *New York Times* leads the pack by putting the United States, not North Korea, in a defensive posture. For instance, a recent headline read: ["If U.S. Attacks North Korea First, Is That Self-Defense?"](#) Obviously, Goliath needs to destroy David first to protect himself.

Sputnik News, however, writes: "Swiss businessman Felix Abt has a unique insight into life in North Korea, where he's conducted business for 14 years and lived for seven."

“Instead of strangling the country with sanctions, we need to cultivate contacts there in many ways. Only by going there can you know the intentions of the North Koreans and influence things for the better. Foreigners who deal with North Koreans confront them with new ideas, which they question but often accept, as I know from my own experience,” explains Abt to the news outlet.

Read the full piece [here](#).

## THE NEVER ENDING MASS STARVATION AND KILLINGS



NORTH KOREA

September 22, 2017 1:11 pm

## Is North Korea starving and killing its own people? Here's the evidence



By Leslie Young

National Online Journalist, Investigative Global News

*(Global News, Canada, 22 September 2017, headline screenshot)*



Compare this Emmy-award winning investigative journalist's "evidence" that "[North Korea is starving and killing its own people](#)" with Daily NK's statement.

The Daily NK, a news website operated by North Korean defectors and activists which claims to have undercover reporters inside North Korea, and which is sponsored by the U.S. Congress which wants to overthrow the regime, stated the following in its recent North Korea Marketization [report](#):

*"This is no longer a destitute dictatorship willing to accept help from anyone willing to give it. North Korea can no longer be compared to a poor sub-Saharan African country. The number of illegal economic North Korean migrants in China is scarcely 10 percent of what it once was ... As rates of absolute poverty and malnourishment have declined, so too have overall living standards risen, and dissatisfaction with the government dropped."*

Of course, I have to add, the foreign-imposed strangulating sanctions imposed in autumn 2017, once they start biting, will reverse this trend. And it will provide another reason for the investigative journalist to re-visit and update the story and provide even more "evidence" that the regime is "killing and starving its people". Best of all, it may earn her another Emmy Award.

Whereas hunger and starvation in North Korea is regularly and loudly thematized (and dramatized) in the Western press (with most journalists even failing to understand the difference between starvation and malnutrition and related stunting) it remains rather a "[silent crisis](#)" in the United States where about [49 million](#) Americans, or double the total North Korean population, struggle to put food on the table. Unlike mountainous North Korea with a tiny agriculture, in the US hunger isn't caused by a lack of food, but rather the continued prevalence of poverty.

So what, in fact, did this journalist do? It's quite a common pattern that many journalists follow: She based her portrayal on an [outdated, cliched view](#) of North Korea and on a 2014 U.N. Commission of Enquiry report on North Korean human rights abuses which falsely concluded that nothing much has changed since the famine years in the nineties, that the health and nutritional status of North Korea's population is horrific and that the regime is responsible for violating the human right to food of the population. However, Professor [Hazel Smith](#) demonstrates in a [study](#) that the report is "erroneous in that it recognizes neither the scale of improvement in health and nutritional terms since the famine years nor the comparative global picture, which is that the nutritional and health status of DPRK citizens is fairly typical of low income developing countries.



Indeed children's health and nutrition is significantly better on a number of indicators than in many other Asian countries although naturally not on par with children in the wealthier East Asian countries—especially Japan and South Korea”.



REUTERS INVESTIGATES

North Korea Revealed

North Korea was set up with backing from the Soviet Union as a socialist state. The Soviet collapse in 1991 crippled the North Korean economy and brought down its centralised food distribution system. As many as three million people died.

*North Korea revealed?*

*I'd say fake news revealed: When "Reuters investigates" it doesn't get the figures right. The people who died in the nineties due to starvation were in the hundreds of thousands, rather than in the millions as claimed by this news organization. (The resident French coordinator of the UN aid operation during this period and probably the best informed person to make an estimate spoke of 600,000 starved people).*

In other words, the incidence of hungry children is, for example, higher in Indonesia and India than in North Korea, even though these countries have better conditions for food production than North Korea which has to cope with long, harsh winters and has, according to the [World Bank](#), only 21.8% agricultural land compared to 31.5% by Indonesia and 60.4% by India.



*Contrary to the claims of its adversaries, food or the shortage of it was not something the government took lightly: soldiers, government bureaucrats, students and even some of my workers had to go to help farmers in the rice fields once or twice a year for several days or even weeks to make sure enough rice, the main staple for the population, could be harvested.*

### **UNICEF report 2016:**

#### **Under 5 years Mortality Rates expressed in terms of national rankings**

##### Worst to best:

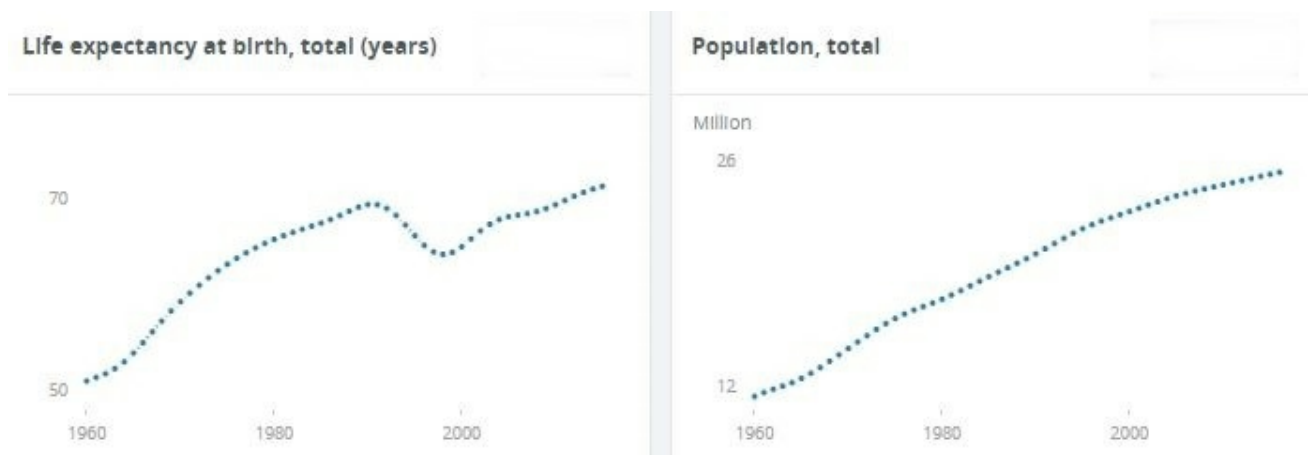
Pakistan 22  
Ghana 35  
Myanmar 44  
Kenya 46  
India 48  
Bangladesh & Bolivia 61  
Azerbaijan 68  
Morocco & Philippines 73  
**North Korea 80**  
United States 148  
South Korea 182

## Low weight-for-height (wasting)

Worst to best:

Indonesia 14  
Pakistan 11  
Philippines 8  
Myanmar 8  
Thailand 7  
Vietnam 6  
**North Korea 4**  
United States 1  
South Korea 1

Source: [https://www.unicef.org/publications/files/UNICEF\\_SOWC\\_2016.pdf](https://www.unicef.org/publications/files/UNICEF_SOWC_2016.pdf)



North Korea's life expectancy and population growth. The sudden sharp drop in life expectancy reflects the extraordinary crisis in the nineties.

Source: [World Bank](#)

## 9. NORTH KOREAN EXCEPTIONALISM

### THE FIRST FAMILY

The late Great Leader or the Eternal President Kim Il Sung is considered as Father and the Korean Worker's Party as Mother of the Korean people. While the Father is supposed to look after the family – that is the people – they are expected in turn to treat him and the Kim family, plus the Workers' Party with all the respect demanded of traditional Confucian filial piety. The personality cult also promotes the concept of the ruling family as a model family.



Sustaining a strong personality cult which created an idealized, heroic, and even worshipful image of the leadership has become more challenging in the recent times. North Korea's younger generations are better informed about the outside world than older generations. They make more critical comparisons and draw their own conclusions. A better-informed middle class is also emerging. Securing continued unconditional loyalty may likely require continued reforms, just like reforms in the economy have already been carried out, which have helped to keep the system alive. Will the country's current leader draw the same conclusion in the near future as Chinese President Xi Jinping's on Mao Zedong



at the 120th Great Helmsman's Birthday when he said: "Revolutionary leaders are not gods, but human beings; we cannot worship them like gods or refuse to allow people to point out and correct their errors just because they are great."

## **WHEN 'SUNSHINE' RULED ON THE KOREAN PENINSULA**

*Remembering a period of unprecedented cooperation between the two Koreas, despite being technically still at war.*

*(This piece was first published by [The Diplomat magazine](#) in July 2016)*

Before South Korea's conservative presidents severed ties with North Korea from 2008, their liberal predecessors Kim Dae-jung and Roh Moo-hyun promoted peaceful engagement and rapprochement, an approach called the "sunshine policy." The name stemmed from an ancient Greek fable where the wind and the sun competed to remove a man's cloak. No matter how strongly the wind blew, the man only wrapped his cloak more tightly to keep warm. But when the sun shone, the warmth made him take his cloak off. The wind symbolized unsuccessful coercive policies toward North Korea and the sun stood for an approach able to persuade North Korea to take off its anachronistic and uncomfortable cloak, changing at last. It wasn't a "leftist" policy, as it was labeled by critics from the right, since South Korea's strongman President Park Chung-hee had tried a similar policy in the 1970s.

The critics called Kim and Roh's North Korea engagement "checkbook diplomacy," an expensive flop, and considered both presidents as either naïve, striving for fame, or having a sinister agenda to strengthen North Korea's regime. An influential American journalist gave his book the title *Korea Betrayed: Kim Dae-jung and Sunshine*. And "sunshine" even became a term of mockery. In addition, the opponents of engagement cited North Korea's first nuclear test in 2006 as an irrefutable proof of the complete failure of the sunshine policy. To North Korea, it meant dissuasion and a bargaining chip in negotiating with Washington as the George W. Bush administration "reversed the age of warm sunshine back to the age of cold wind," which made North Korea abandon the non-proliferation treaty, oust International Atomic Energy Agency inspectors, and start testing long-range missiles, Kim Dae-jung explained in a speech at Harvard University.

Kim had indeed a very ambitious plan to decrease inter-Korean tensions and work toward a peaceful reunification. The Korean War still lingers, as only an armistice was concluded in 1953, not a peace treaty. Kim was aware of the fact that Pyongyang couldn't and wouldn't change quickly and that he wouldn't get

much gratitude for his efforts either. A transformation of North Korea similar to the transformations of China and Vietnam, which brought about significant changes after the West normalized relations with them, wasn't just around the corner.

The tool to further Kim's agenda was the set-up of a wide cooperative framework that included infrastructure development, such as the restoration and construction of roads and railways, economic assistance, as well as a wide variety of inter-Korean business ventures. It was aimed at both increasing living standards in the North and upping its dependence on the South. More than 40 different types of agreements were concluded between the two Koreas during this period. South Korean companies were not only permitted but actively encouraged to interact with the North; in many cases they benefited from subsidies. South Korean firms became involved in the North in mining, agriculture, tourism, car manufacturing, and textile production. The most outstanding achievement of Kim Dae-jung's policy was an industrial park in the North Korean city of Kaesong, where more than a hundred South Korean companies employed more than 50,000 North Korean workers until South Korea's former President Park Geun-hye pulled the plug in 2016 and buried the last remnants of "Sunshine."

I lived and worked in North Korea both when the sunshine policy peaked and when it faded away. As I was also involved in North-South projects I experienced up close how it played out.

As resident country director of the [ABB Group](#), a global leader in power technologies, I participated at a trade fair in Pyongyang where we exhibited an innovative, environmentally-friendly large transformer for utility and industrial applications. The transformer was made in an ABB-factory in South Korea. This triggered lively discussions with North Koreans, who were interested in transferring at least part of the factory in the South to the North, from which transformers could be sold to the South, China, and elsewhere.

As CEO of North Korea's first foreign-invested [pharmaceutical enterprise](#) I explored ways to sell Northern traditional herbal medicine in the South. I examined the possibility of setting up a small processing unit at the Kaesong Industrial Park from which to distribute the products southward. Our North Korean company co-owners liked the plan. Yet we were ahead of the times — though the South Korean medicine wholesalers and retailers I talked to found the idea intriguing, they cautioned that marketing would become a costly endeavor as Southerners would not trust that medicine from the North would be safe.

The CEO from a large South Korean construction company invited me to Seoul to help him draft a plan to get sand, scarce in the South but abundant in the North.

The former CEO of South Korea's largest dairy firm wanted me to help him set up a dairy business in the North. Many members of this cooperative were farmers of northern descent and enthusiastically supported the idea. It was a commercial project with a humanitarian component: Koreans and other donors around the world pledged to sponsor a daily glass of milk for every North Korean child.

I was also leading the negotiations between North Koreans and a large South Korean chaebol (business group) on a water project on Paekdu, a "holy" mountain shared by North Korea and China and revered by the surrounding peoples throughout history. Both the North and the South Korean interlocutors were convinced that the magical natural water from Mount Paekdu (to be sold as is or carbonated or as drinks blended with fruit juice or artificial flavors) would become a huge commercial and PR-success.

Negotiations were not easy. The mistrust between the North and South Korean business partners was an important obstacle to business development. While the Northerners suspected Southerners of having a hidden agenda to make a hostile takeover, the Southerners feared the Northerners were out to rip them off. Both sides seemed to have trusted a neutral Swiss businessman more than their fellow Koreans. Still, the chairman of one of South Korea's largest law firms once asked me bluntly: "On which side are you?" "On my side!" I retorted.

To my surprise, I soon had to face one big anomaly, namely that the input costs (rent, salaries, electricity, etc.) for South Koreans businesses were substantially higher than for European and Chinese businesses. I disagreed with this discrimination and raised the issue with the authorities who replied, "The Southerners helped destroy our country, that's why they have to pay a higher price."

I wanted to understand the reasoning behind this attitude and asked a history professor at Kim Il Sung University who explained to me:

*Unfortunately, Northerners have often been mistreated by Southerners throughout our common history. Southerners helped foreigners exploit the North's riches and the North's people, forced Northern women into prostitution in the South, forced Northern men to fight Southern kingdoms' wars and more*

*recently helped Japan colonize our country and supported the United States to destroy our cities and dams and other infrastructure during the Korean War. They can't get away without paying any compensation.*

That also made me understand why Kim Dae-jung transferred hundreds of millions of dollars to North Korea, which was called corruption by his detractors, before the historical first meeting between a North and a South Korean leader.

During the Sunshine years, not only more and more business people from the South came to the North. NGOs, artists, religious groups, and tourists also crossed the Demilitarized Zone (DMZ). Close to two million South Koreans visited scenic Mount Kumgang. More than 20,000 South Koreans also met there with their Northern family members. An old North Korean told me he was never as happy in his life as when he met his Southern family, torn apart during the Korean War, at Mount Kumgang.

Every day, about 400 South Korean vehicles crossed the DMZ, which Bill Clinton called the most dangerous place on earth, to North Korea. About 1,000 people entered the North on a daily basis. In 2008 North Korea even decided to allow South Korean visitors to use their own cars to make the trip.

Most of the visits which now had become commonplace were limited to mount Kumgang, Kaesong, and Pyongyang. But more and more South Koreans were visiting other parts of the country, in particular when they were involved in agricultural projects. Of course, they were watched and controlled, but they also learned a lot as they could understand Korean and, more importantly, they played the role of ambassadors representing the rich, imitable South Korea in North Korea's impoverished hinterland.

This was also a time when North Korean officials started admitting that mistakes have been made in the past and interaction with the outside world to help improve things was welcome. Sunshine allowed North Korea to see a future beyond Kimilsungism, its state ideology.

I watched my staff and other North Koreans observe Southern visitors. They tried to do so discreetly, but couldn't always suppress their amazement with an open mouth or a spontaneous smile. Southerners were well dressed, looked well fed and healthy, and were tall by Northern standards. They brought the latest cameras with them, were relaxed, and showed self-confidence. Their appearance must instantly have neutralized the North's propaganda myths of South Koreans



oppressed by the U.S. imperialists and their South Korean puppets.

It was also interesting for me to observe when North Korean and South Korean business people interacted outside the formal setting of business meetings — in karaoke rooms for example. Singing together, holding hands, and even hugging one another (and sometimes getting drunk and very emotional together) wasn't choreographed. The encounters transcended politics and showed me Koreans on both sides of the fence as human beings who could get along very well if politics did not stand in their way.

In December 2007, South Koreans were disenchanted by what they perceived as a liberal president's failed domestic economic policy (not related to "Sunshine"). They elected Lee Myung-bak, a businessman from the conservative opposition party as president, thinking he could fix their woes. Lee had previously made an impressive career in the construction industry and was nicknamed "bulldozer." He had been an opponent to "Sunshine" and when he took over the presidency in early 2008 he quickly started bulldozing what his predecessors had built up.

Shortly after his election I went to a meeting with North Koreans working on a North-South project. I explained that it would be a waste to continue to work on the project given the new political circumstances. I must have shocked them with bad news that hadn't reached them yet. It was the first time I looked into so many genuinely disappointed and sad North Korean faces. With Sunshine gone, the smiles were gone too.



**Pictures from left to right:**

- *Relaxing under the "Sunshine": South and North Korean businessmen and Felix Abt outside Pyongyang after strenuous business meetings.*
- *"Sunshine" made it possible: South Korean lawmakers, visiting a trade fair in Pyongyang, meet up with Felix Abt and his North Korean staff at their booth.*

- *One of the last South Korean goodwill ambassadors to North Korea before the sunset of sunshine policy: Lee Ji-sun, Miss Korea 2007, visiting Pyongyang on behalf of the World Trade Centers Association, pictured together with Felix Abt*

## **THE ANANTI KUMGANG MOUNTAIN, A LUXURY RESORT YOU CAN'T VISIT**

It was the first and only luxury resort in North Korea and a symbol of co-operation between the two Koreas when it opened in 2008, the same year when Lee Myung-Bak, a conservative hardliner who was against the Sunshine policies (engagement with North Korea) of his predecessors, became South Korea's president. After a South Korean tourist, one of about 200,000 South Koreans who annually spent holidays in the area, was shot dead by a North Korean soldier after she had crossed into a military area near a beach according to the South Korea's governmental news agency Yonhap, South Korea stopped all tourism with the North.

The resort offered five star accommodation, a lavish spa, natural hot springs and championship golf, in a magnificent region until it was banned to visitors.



I happened to drive behind this Hyundai bus in Vietnam in 2017 which used to belong to the resort. It now has a number plate from Tiền Giang, a Vietnamese province in the Mekong delta.

Let's hope that "Sunshine," a policy South Korea's current president Moon Jae-

in was embracing and promoting during his presidential campaign, will be re-launched in the not too far distant future to make it possible for the resort to buy new buses and reopen for South Koreans, thrilled to go there, again.

## **RELIGIOUS?**

The relationship between the state and religion could perhaps be described as ambivalent. Kim Il Sung, the founder president of the Democratic Republic of Korea (DPRK) was very critical of religion in his writings. Until 1945, Pyongyang was an important center of Christianity, nicknamed “Jerusalem of the East.” When the Korean peninsula was divided by the U.S. and the Soviet Union after World War II most Christians, many from higher social classes, left the North and went to the South from where they were fighting the DPRK. Kim criticized them for being “instrumentalized as an anti-socialist tool by the U.S. imperialists.” But he also praised Christians who supported him. His critics claimed that a pogrom against Christians and other religious groups and believers took place during Kim’s rule. What seems to be sure is the adherence to Christianity was discouraged for a long time as it was considered to be associated with its enemy, America. And religion was considered an obstacle to building a socialist society in the early stages of the new republic. On the other hand many Christians had fought the Japanese colonialists and many communists came from a Christian background, just like Kim himself. A good number of the remaining Christians became members of Kim’s Korean Workers Party and many of them were active in the new governmental elite and some of them were even buried with high honours.





*Expats used to celebrate Christmas at a European embassy. Picture: My wife and I spending Christmas Day at the German embassy.*

There are those who believe all religions were completely eradicated and the Federation of Korean Christians in North Korea (created in 1970) is a fake organization for propaganda purposes only. Others believe religions have survived and that there are many thousands of Christians integrated into pro-DPRK Christian associations. North Korea has five official churches and there were Christmas celebrations in 2016. The American evangelical Christian evangelist Billy Graham visited North Korea, gave Kim Il Sung a bible and preached at Kim Il Sung University. North Korea prints bibles and lets devout foreign Christians run a private university in Pyongyang, but they are not allowed to proselitize.

*A visit to a Catholic Church in North Korea, by La Croix reporter and North Korea book author Dorian Malovic:*

Excerpt:

Here, “150 to 200 people come to pray for forty minutes every Sunday



morning,” Kim Chol Un, President of the Association of Catholics of Korea, says.

“We have a ritual ceremony on Sundays. On the other hand, no-one comes during the week. You should come on Sunday to meet them,” he adds.

Kim Chol-Un explains that he “presides over” the prayer. But who are the faithful?

“They are the far-off descendants of Catholics, and all of them are now over 60 years old,” he says.

Do they define themselves as Catholics?

“Yes, our ancestors bequeathed the knowledge to us,” Association Vice-president Cha Cha Julio answers in perfect English.

“Of course we are Catholics by our great-grandparents, and Peter had baptized our ancestors,” he explains.

“There is no priest here,” he admits. “We are autonomous, independent. But the people who attend have been baptized, otherwise they could not have come in,” he notes.

Baptized by whom? “They baptized one another as from the beginning with Peter,” he says.

According to him, the sacrament of baptism has thus been transmitted naturally from generation to generation.

Unquote

Read the full piece [here](#)

Disciples of Buddhism, which is a philosophy rather than a religion, are organized in the state-affiliated Korean Buddhist Federation.



*Some resident expats in Pyongyang told me that this is a fake Buddhist monk whom I met in North Korea's countryside. I can't tell for sure but what matters to me is that he was friendly and had a genuine smile reminding me of a smiling Buddha (but one that wasn't obese...).*

There is a three-year college for training Buddhist clergy and monks receive a salary from the state. There is also an academy for Buddhist studies. The Tripitaka Koreana, a Korean collection of Buddhist scriptures was published by the state and South Korean Buddhist monks were welcome to visit their North Korean peers (if and when South Korean governments allowed them to go to North Korea).

### **AID WORKERS NOT SENT TO A GULAG BUT KICKED OUT OF NORTH KOREA AFTER LAUNCHING A POLITICAL PARTY**

For many years the "RAC" was a popular place for drinking and partying among expats. It was located at the U.N. World Food Programme's premises. "RAC" is the abbreviation of Random Access Club. This nickname was an allusion to the fact that aid workers didn't have *random* access anywhere else in North Korea. Still, organizations like the World Food Program and the World Health Organization could and did regularly visit and work in many parts of the country. The RAC had a bar with a dance floor. And people could play table tennis, snookers and darts.



*The “RAC” was the only place in North Korea where foreigners danced on the tables.*

Sometimes, even foreigners on a short visit made it to the RAC when their North Korean hosts generously took them there to party and talk with the resident foreigners. One evening I chatted with a lady I met for the first time. I thought she was an expat that had just arrived in Pyongyang. She asked me a lot of questions. When she was about to leave she gave me her business card which read: "Los Angeles Times, Barbara Demick." I was embarrassed and asked myself: Did I say anything that could bring me into the headlines and hurt my business interests? To my relief, she was fair and did not quote me. Perhaps I didn't say anything that was new to her or anything interesting enough for publication. From then on I always asked people I did not know about their identity before chatting away.

My expat business colleagues and I regularly got interview requests from journalists. We were exchanging information among ourselves and agreed with whom we would talk and with whom we wouldn't. There were not many journalists we trusted. We did not want to be misquoted or used for their North Korea bashing articles. We considered then Bloomberg's Bradley K. Martin as a serious and fair journalist, for example. But if we had received an enquiry from *Fox News* or the *Wall Street Journal* it would have remained unanswered. The reason is that they would see North Korea not as it is but through their highly partisan and ideological prism. But since they were believing they knew North Korea better than us they never bothered us with any enquiry.

By the way, I was always wondering why business people supposed to make rational business decisions would subscribe to the *Wall Street Journal*, a newspaper that would provide more ideology and propaganda than hard facts and sober analysis, at least when it came to North Korea. Perhaps the percentage of bold risk takers is much higher among its readership than with its competitor, the *Financial Times (FT)*, which is more factual and analytical. And yes, we did answer *FT*'s questions.

I also became aware of the fact that only few journalists with a sort of celebrity status could become rich, whereas average journalists often belonged to the "working poor" that had only one way of making a decent income: creating and selling sensationalist stories. Of course, I didn't fancy becoming a prominent figure in one of their hyped-up articles and books.



*Painting at a wall of the RAC*

Foreign aid workers in Pyongyang may most probably have earned more than



the average journalist "reporting" about North Korea. Yet, for younger aid workers earning money was not that important, it was more the adventure and the thrill of staying in such a highly exotic country for a short time of a year or less that was the most rewarding for them. In 2012, some French aid workers and a young Belgian employee of a foreign-invested joint venture had the glorious idea of staging a "Workers' Party" at the RAC. Those participating at this party were asked to dress as workers. Making fun of workers and the ruling Workers' Party was not amusing the latter. The Party decided to teach the misguided youth a lesson: Visas were not extended for the French aid workers, while the young Belgian who used to have a residence in Beijing got a stern warning. More annoying for other expats was the shutdown of the popular RAC.

### **ALL RESOURCES ARE USED FOR THE ELITES AND FOR BUILDING NUKES AND ROCKETS**



*Photo credit: Kim Chaek University*

That's the message you get from politicians, activists and media.

In spite of sanctions, North Korea's leading science and technology university, Kim Chaek university, recently developed a cranial CT scan (see picture), known by a variety of names as well, including brain scan, head scan, skull scan, and sinus scan which it sells to domestic hospitals for the amazingly low price of an average car (which would cost in Western countries the price of a small fleet of cars). Dr. Kee B. Park, an American neurosurgeon and director of the DPRK programs (aimed at strengthening North Korea's health system) of the Korean American Medical Association told me during August 2017 in Seoul: "The images from this CT scan I have seen are of satisfactory quality, helping doctors detect a variety of diseases and conditions."

### **NORTH KOREA ASSASSINATES PEOPLE WITH FOOD POISONING –**

## ACCORDING TO A PULITZER PRIZE WINNER AND A NEW YORK TIMES JOURNALIST



Jonathan Weisman   
@jonathanweisman

 Follow

If slipping into coma after getting botulism sounds odd, read Orphan Master's Son. In N Korea, botulism is a weapon.



University of Virginia student Otto Warmbier, said to be in a coma, release...

*Tweet by Johnathan Weisman, New York Times reporter*

When I ran a pharmaceutical enterprise I talked to numerous doctors in North Korea on botulism (and many other diseases), corroborated by discussions with WHO and other NGOs working in the country, which I considered as part of my job – but journalist Jonathan Weisman (“If slipping into coma after getting botulism sounds odd, read Orphan Master’s Son. In N. Korea, botulism is a weapon”) from The News York Times gets his North Korea wisdom exclusively from a fictional novel, *The Orphan Master's Son*, which he is convinced represents the truth.

The Torturer (“Interrogator”) in this extremely brutal novel about North Korea, written by American author Adam Johnson, talks almost incessantly about torture and other cruelties; he refers to killing his parents by feeding them a can of peaches infected with botulism. But botulism poisoning from commercially canned foods has been virtually eliminated. The reason is that manufacturers and even private households have known for decades that for botulinum toxins to develop they need a non-acetic, anaerobic situation, i.e. no acid and no air.

Also peaches is a high-acidic food containing enough acid to block botulinum growth. The author who was given the Pulitzer prize for this North Korea novel invented a rather absurd scenario: he should have used the more readily available vegetables instead for the parents' killing since they are low-acidic and have a high botulinum incidence (and he also ignored the fact that peach trees and North Korea's cold climate don't mix).

Publisher and author claim the novel *The Orphan Master's Son* provides a unique insight into North Korea. This case shows once more that journalists who are as gullible as biased have preferred to ignore my book *A Capitalist in North Korea: My Seven Years in the Hermit Kingdom* and happily adopt and trumpet invented North Korea "facts."

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A representative example of how anti-North Korea propaganda is framed:

[Otto Warmbier](#), an American student, who went to North Korea on a tourist visa, was arrested for having stolen a governmental propaganda poster on a staff-only floor of a government-owned hotel in Pyongyang which is considered as a serious crime in North Korea. He got a very harsh sentence and, sadly, fell seriously ill for reasons doctors who examined him after his return to the United States, where he died several days later, could not determine. But his parents who refused an autopsy thereafter launched a media campaign and went on air from *Fox News* to *CNN* claiming "terrorist" North Korea had tortured their son to death. Donald Trump seconded by claiming "Otto was tortured beyond belief by North Korea."

It is a typical example of how disinformation and propaganda are created in the West: North Korea does something perceived as bad (and such a harsh sentence for what we would perceive as a rather minor criminal offense is indeed bad) and in the absence of hard facts its adversaries spin it into something extremely evil, which conditioned TV viewers and news readers would expect and immediately believe, in a bid to further demonize the country and prepare the ground for an even more hostile stance towards it. U.S. Congress promptly passed bipartisan legislation named after Otto Warmbier with 415-2 votes, an amazing score even one-party states could be envious of, de facto [banning](#) foreign entities and individuals from doing business with North Korea. (And since diplomacy is a mere "[waste of time](#)" for President Trump, its violent alternative – war – needs to be pitched to the American public well before the first body bags fly home). In this case, however, the ploy failed as something unexpected happened: Otto Warmbier's coroner felt obliged to [take a stand](#) against this propaganda and went

public to squarely refute it with facts.

**Quotes:**

*“They (North Korea) kidnapped Otto, they tortured him, they intentionally injured him. They are not victims, they are terrorists,” Fred Warmbier, Otto’s father, said on Fox and Friends, America’s most viewed morning show on Fox News TV.*

*He “substantiated” his claim by adding that Otto’s mouth “looked like someone had taken a pair of pliers and rearranged his bottom teeth.”*

*President Donald Trump: “Otto was tortured beyond belief by North Korea.”*

*Coroner Dr. Sammarco: “There was no clear evidence of physical torture – including no recently broken bones or damaged teeth”.*

*Coroner Dr. Sammarco: “We believe that for somebody who had been bedridden for more than a year, that his body was in excellent condition, that his skin was in excellent condition”.*

## **ONE OF THE SAFEST DESTINATIONS FOR ORDINARY TOURISTS – AND BUSINESS PEOPLE**

- **And one of the unsafest for regime challengers!**

I wouldn’t recommend anybody visit North Korea for an adventurous political trophy hunting tour or a heavenly proselytizing tour or a heroic slave saving tour. Nor for a campaign to conduct regime change activities or on a thrilling 007 mission to recruit spies and assassins on behalf of the [CIA](#), or anything else that is illegal in North Korea. Except if you are eager to find out what a labor camp looks like.





*Picture: On a domestic flight in North Korea. I've widely traveled around the globe, but felt very safe in North Korea where I would never worry about being robbed, abducted or killed. And what may surprise you: [daily mass shootings](#) anyone has to fear do happen – in the United States, not in North Korea. Yet the U.S., the UK and other Western governments have regularly issued travel warnings for North Korea, and never for the U.S....*

### **BEHAVE OR ELSE...**

If you thought stealing propaganda posters from walls (in restricted areas of government property) would have landed you in prison you're mistaken, because there are none here. But a number of other things would, such as eating in public during Ramadan or premarital sex...



Picture taken in 2017 in the United Arab Emirates.

### **INSIGHT INTO THE FULL HORROR OF THE SITUATION AT THE CAPITAL'S AIRPORT**

Adam Johnson, in 2012's Pulitzer Prize winning novel *The Orphan Master's Son*, describes cattle on the runway in Pyongyang. Johnson must know since he flew a single time as a tourist for a short trip to Pyongyang. Though I have travelled countless times, there I must have overlooked that, in Johnson's words, "Pyongyang's Airport Runway is lined with cattle, electric fences and the fuselages of jets whose landings hadn't gone well". He and his publisher marketed this as "insight."



*Inside an Air Koryo airplane*



*Airport before its recent modernization*

A few years later a modern terminal was inaugurated in presence of its architect Ma Wonchun, alive and well, who foreign media had previously reported to have been [purged](#). The new airport greets visitors with chocolate fondue fountains, shiny duty-free shops, a range of duty free shops and range of food and drink options. So instead of letting cattle walk on the runway the “regime” generously allows people now to eat bulgogi (Korean BBQ beef) at the airport, and what must surprise Adam Johnson’s readers, even without deadly botulism-causing toxins.

## **HUMAN RIGHTS QUIZ**

Of course, human rights violations in North Korea (and anywhere else!) need to be condemned. North Korea activists, politicians and media have a sharp focus on human rights violations in North Korea and remind us every day that bad things happen there. But, they often turn a blind eye to human rights violations elsewhere. So let’s test the would-be human rights defenders knowledge with a little quiz:



Which one is the only country where women (that is 50+ % of the population, no less) don't have the right to drive cars (at the time of writing this)?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

A defector left her country because she dared to criticize the driving ban. She is a citizen from which of these countries?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which one is the only country where women don't have the right to obtain a passport or travel abroad without the consent of either their husband, father or other male relative.

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country has separate entrances specially for women (to isolate them from men) of public buildings, including offices, banks and universities, and segregates public transportation, parks, beaches and amusement parks for women?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country does not allow women to use public swimming pools?

- a. North Korea
- b. United States

- c. United States ally Saudi Arabia

Which country bans women from attending national sporting events?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

In which country do religious leaders call female athletes prostitutes?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

For which country does a 2010 report claim post-female genital mutilation (FGM) medical complications are an indicator of widespread prevalence of FGM in women?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

In which country is it legally required for women to have a male guardian to make all their decisions for them?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country has the strictest dress restrictions for women?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

In which country do women require male approval and the assistance of male guardians to do things as simple as opening a bank account?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country stones [kids](#) to death?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country recruits [children](#) in a war against a neighboring country and bombs schools and hostpitals killing countless children for which it was [blacklisted](#) by the United Nations? (It led [38 attacks on schools](#) and hospitals in 2016 alone, and the veracity of all incidents were verified by the U.N.)

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

**“The U.S. loves human-rights-abusing regimes and always has, provided they ‘cooperate.’ ... [The only time](#) the U.S. government pretends to care in the slightest about human rights abuses is when they’re carried out by ‘countries that don’t cooperate.’”**

Which country cuts the right hand off at the wrist as [punishment](#) for theft and cuts off both hands of repeat offenders, and sometimes legs for other offences?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country held the President of Yemen and the Prime Minister of Lebanon

[hostage](#) in 2017?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country stones people to death for [adultery](#)?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country gives literal eye-for-an-eye [sentences](#)? (a court sentenced an Indian migrant worker to be punished by having his right eye gouged out in retribution for his role in a brawl in which a citizen of this country was injured).

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country has beheaded more people every year than the terrorist group [ISIS](#)?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

Which country [reportedly](#) supported the world's most spectacular terror attack on 9/11 in the United States, thereby horrendously violating the numerous victims' human rights?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia



A last question: Which country has been actively promoting an ideology called [Wahabism](#) in mosques, schools and otherwise around the globe that was adopted by and has [inspired](#) all major terrorist groups ([ISIS](#), al-Qaeda, Boko Haram, al-Shebab etc.) responsible for the world's most gruesome human rights violations?

- a. North Korea
- b. United States
- c. United States ally Saudi Arabia

The correct answer is always c)



*Image: I was traveling with four female North Korean staff to Shanghai on a business mission. Of course, something like this wouldn't have been possible if I had run a business in Saudi Arabia...*

☆☆☆☆☆

Feedback:

*My reply to one of the trolls who love to stalk me on Facebook and other social media:*



**“OLD SCHOOL” PHOTOGRAPHER**



Instead of taking pictures of the wedding party, the photographer turned around and started shooting me, perhaps perceived as an intrusive foreign capitalist, or worse, someone spying on them. Suspicion in North Korea is not totally unfounded since even a Western academic who visits North Korea for a conference could be a [CIA agent](#) and an NGO representative working in North Korea could be on the [Pentagon](#)'s payroll. [In the past](#), when this photographer grew up, propaganda efforts succeeded in creating an enormous mistrust and suspicion towards foreign visitors.

Nowadays young North Koreans are less suspicious and eager to [learn foreign languages](#) so as to improve their job prospects. They are not so shy when dealing with foreigners any longer even though they never know whom they are dealing with. This generational shift applies also to young couples. Fewer marriages are arranged by their parents nowadays and the age of the bride and the social status of the groom isn't as important as in the past any longer either.



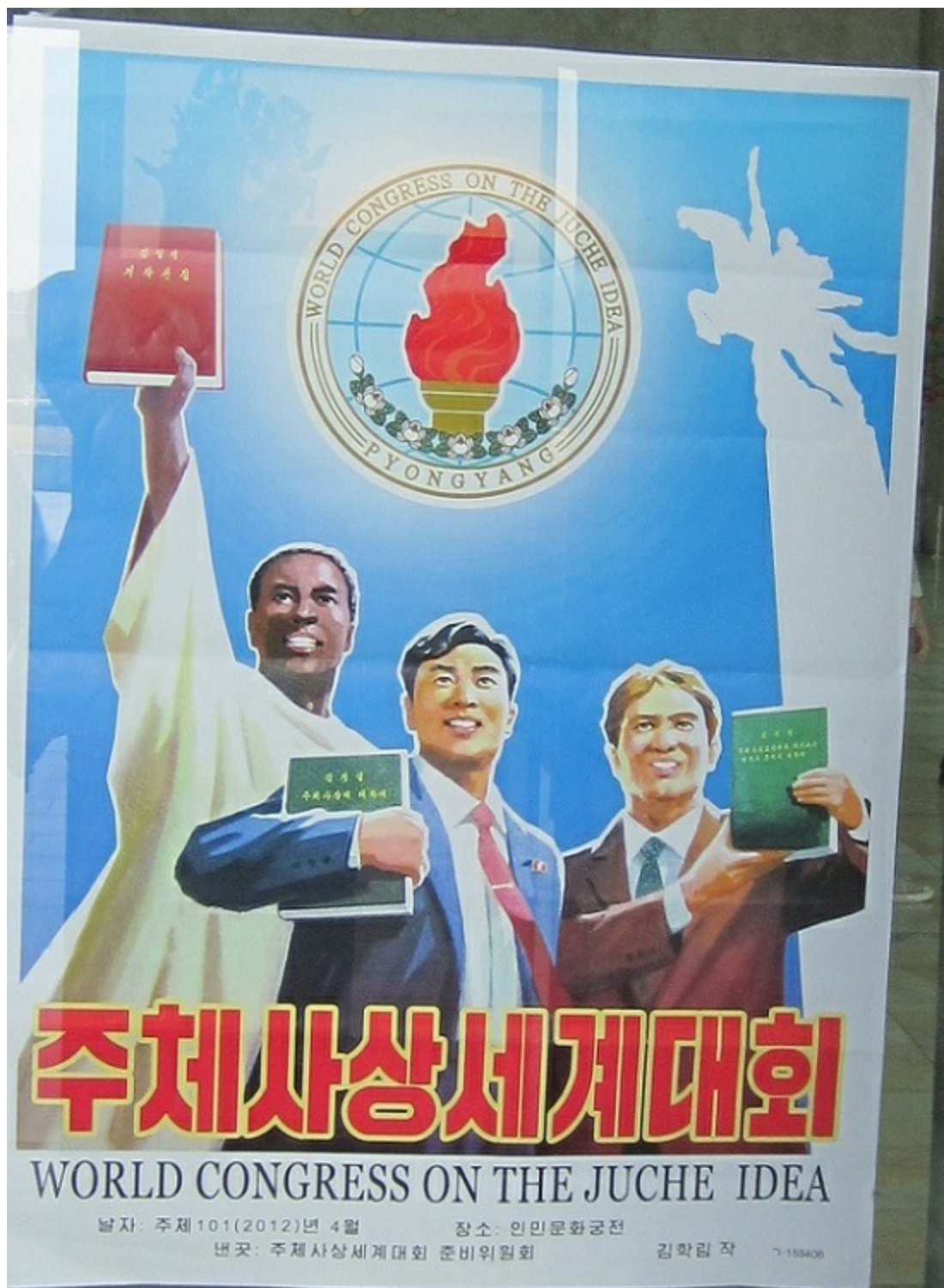
## **MARXIST, MILITARISTIC... OR SOMETHING ELSE?**

It's hard for Marxists to reconcile their ideology with that of North Korea, where

it was not the “proletariat” that had risen to defeat the “capitalist bourgeoisie,” but the military who were considered to be the real driving force behind the revolution, at least as long as Dear Leader Kim Jong Il was in power. Similarly, in a true Marxist country, all the means of production are state-owned and while factories and other enterprises in the DPRK are, in theory, owned by the state, during my long sojourn in the country, I found that in practice, this isn’t necessarily the case.

Instead of Marxism, North Korea has adopted “Juche,” which some in the West refer to as a doctrine of “self-reliance.” This ideology states that “the Korean masses are the masters of the country’s development.” In practice, Juche meant that it refused to integrate itself in the Soviet-led economic (COMECON) and military (Warsaw Pact) alliance and that it kept some distance politically and ideologically. It also avoided getting too close to China, and it skilfully played both China and the Soviet Union off one another to preserve its independence.





*Juche, an export product: North Korea tried to spread its ideology to other developing countries.*

North Korea also adhered to the policy of *Songun* (or “military first”) which gave priority to the Korean People’s army when allocating resources and in the affairs of state.

Therefore, are the military in charge? Not really. At the top, power has been shared by a coalition: top party cadres (such as from the Organisation and

Guidance Department), top generals and top CEOs (of major hard-currency earning business conglomerates), all under the leadership of the supreme commander Kim. Given the rapid loss of influence of the more reform-minded CEOs due to the recent foreign imposed economic embargo, conservative security hardliners are likely to get stronger in this coalition.

*Songun* had flourished through an atmosphere of insecurity brought about by the hostility of the West, with its crippling sanctions, political aggression and scathing media reportage. In a December 2013 report, the International Crisis Group wrote that “for China de-nuclearisation is a long-term goal through alleviating North Korea’s insecurity for which it considers the U.S. principally responsible.” But while America and its Western allies continue to cultivate this national insecurity it seems likely that “defense-first” will remain as a pervading ideology in North Korea.



The policy has been updated under the leadership of the country's young leader Kim Jong Un and is now called "*byungjin*" which is the country's program of pursuing the parallel goals of economic development and a more robust, nuclear-weapons based defense (to make up for the insufficient dissuasion and defense capability of its conventional forces). However, sanctions will make it difficult if not impossible to balance these parallel developments.

## **PROPAGANDA, RESTAURANTS AND WAITRESSES**





*Video screenshot*

Singing waitresses in a Pyongyang restaurant entertain their diners: to the casual Western observer it might well be dismissed as just another jingoistic propaganda song (watch the video [here](#)). And while it's true that propaganda is still pervasive in North Korea, these singers delighted their audience with a rendition of 'O Sole Mio' that more than held its own against the efforts of the late Enrico Caruso and Luciano Pavarotti...

### **ONLY MILITARY PARADES AND MASS DANCE PERFORMANCES IN NORTH KOREA!**

That's what Western media headlines suggest. I participated in mass dancing, too.





But more importantly and what you won't learn from the media, I Rock 'n Rolled with my staff (seen above) and, what may surprise any ordinary Western media consumer, nobody was sent to a Gulag as a punishment for this "crime."

### **DO PEOPLE REALLY BELIEVE THE PROPAGANDA?**

Most North Korean men smoked so heavily, to the point that it became a public health issue in North Korea. Therefore, the government decided to launch a massive countrywide propaganda campaign against smoking, co-funded by the World Health Organization, when I lived there.



*North Korean bar tender pointing to the fact that "Smoking kills."*

But I didn't notice that there were fewer smokers after the campaign. It is a

striking example of how propaganda works (or doesn't work). It certainly always works for the Western media who portray North Koreans as thoroughly brainwashed and as believing all government propaganda. That is, by the way, in itself a propagandistic talking point firmly believed by the brainwashed Western media-consuming constituency.



**Tim Shorrock** @TimothyS · 2h

@adamjohnsonNYC North Korea is the country Americans love to hate. Especially true of American journalists.

*American writer [Tim Shorrock](#) who grew up in Japan and knows this part of the world better than most of his peers makes us understand in his tweet what is behind vilifying North Korea in “reporting” by the U.S. media. This is important to understand since the U.S. media dominate the North Korea narrative globally, which is often sort of “copied and pasted” by the media in the rest of the world.*

Small wonder a [large majority](#) of Americans consider North Korea the biggest threat to the United States, even though they have never met a single North Korean and they can't even find the country [on a map](#). I noticed that average North Koreans are better informed about the outside world than average people elsewhere – and I'm quite certain the majority of North Koreans could find the United States on the map. Also North Korean propaganda seemed to have had a bigger impact on foreign North Korea “experts” and journalists who have written books and articles on it than on North Koreans themselves.



*Propaganda poster aimed at encouraging the production of more quality consumer goods, also showing the medicine made by the pharmaceutical company I was running.*

North Korea is of course best known for its shrill, aggressive propaganda directed at the United States and South Korea and sometimes at Japan. Reacting angrily to what it perceives as unfair treatment and threats by these enemies in an unfinished war, it has warned them of turning their cities into “a sea of fire.” Of course, such polemical statements are also directed at a domestic audience to reassure it that the leadership is resolutely protecting the country against hostile powers. And to its foes the propaganda is designed to be deceptive, and it is. Based on it, Western [leaders](#) and media characterize North Korea as a dangerous rogue state, led by [crazy](#) leaders that act entirely on insane and destabilising impulses.

Despite its confrontational rhetoric and propaganda, Pyongyang knows that a small country with a tiny GDP and a peanut-sized defense budget compared to those of the giant United States and South Korea could never follow through on its threats, and if it tried to, it would be instantly annihilated.

So why is it doing it then anyway? It helps create the perception of unpredictability that forces its enemies to remain cautious and measured in their response. And a nuclear deterrent only works when the enemies take it seriously. U.S. President Nixon was one of the first to use [Madman propaganda](#) against

enemies. He may well have inspired the North Koreans.

Apart from the “madman” propaganda, North Korea’s propaganda in general doesn’t work at all outside its borders.

I once raised the issue with some senior officials in an informal setting in Pyongyang telling them half-jokingly that the one-party state (North Korea) could learn from the two-party state (United States) whose propaganda is not as clumsy as theirs but rather sophisticated. I suggested hiring a professional American PR company to make sure the American public learns to understand North Korea’s just cause, namely wanting peace and a normal relationship with the U.S. and, to reach this goal, build a “weak David versus overwhelming bully Goliath” case in its favor. And if the American public learned that North Korea would love to have America as its ally, instead of China, (which is true and not propaganda) this could be quite an effective game changer, I added. In support of my argument, I explained that “actually, the Vietnamese didn’t win what they call ‘the American war’ on the battlefield but in the streets of American cities where millions of American citizens marched against the war and forced the military-industrial complex and its government to stop the war and sign a peace treaty. But first of all the Vietnamese had to win the hearts and minds of the American people.”

Obviously, given the fact that Goliath still doesn’t want peace and that David hasn’t developed a “Vietnamese strategy” yet, it seems there are still many in Pyongyang who believe in their propaganda, just like many in Washington believe in it too.

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## **10. THE NEVER-ENDING KOREAN WAR**

### **NUKES AND ROCKETS: THE UNTOLD STORY BEHIND A SEVEN DECADE OLD CONFLICT**

The Korean peninsula had been under brutal Japanese occupation from 1910 until 1945 when Japan was defeated at the end of World War II. From that point, the peninsula was arbitrarily divided along the 38th parallel by the United States, which backed the south, and the Soviet Union, which supported the north.

The legal division of North and South Korea was implemented around midnight on the day after the US obliterated Nagasaki with an atomic bomb. It was then US Secretary of State Dean Rusk who consulted a map and fashioned a border straight across the 38th parallel, dividing a homogenous society that had lived as one for thousands of years.

US combat troops occupied the south on September 8, 1945, and a declaration of war on the communists by the commander of the US occupation troops was announced in December, along with a warning of an impending North Korean invasion in spring 1946.



*At a souvenir shop at the DMZ (south). The South and North Korean soldiers' uniforms look like American and Soviet uniforms, reminding us of who divided the Korean peninsula and of the ensuing cold war between West and East which, long after the demise of the Soviet Union, is continuing to this day between the U.S. and North Korea.*



*DMZ, the “world’s most scary place” (Bill Clinton): behind me is South Korea, in front of me is North Korea.*

In 1948 the south became the capitalist Republic of Korea (ROK) and the north the socialist Democratic People’s Republic of Korea (DPRK). The two opposing governments considered themselves to be the government of the whole of Korea and wanted to reunite the country, as it is enshrined in their respective constitutions, on their terms and conditions and if necessary with force. Western pundits and politicians claim North Korea is still poised to militarily “liberate” the South (even though its military wouldn’t have the capability to do so). They also ignore that South Korea’s government seems to be equally poised to an unfriendly takeover as it had set up a committee of governors for what it considers as South Korea’s “five provinces” (North Korea), which according to its [official website](#) “have not been recaptured yet.” North Korea’s [official policy](#) is stated in the “Ten Point Programme for Reunification of the Country,” a plan written in 1993, which proposes to set up a Korean Federation, leaving the two systems and governments intact while opening the borders and cooperate on trade and foreign affairs as a reunified country.

The Soviet-backed guerilla fighter Kim Il Sung was the first leader of the DPRK, while the US installed Syngman Rhee to lead the ROK. Both leaders were determined to reunite Korea and had instigated major military clashes near the parallel during the summer of 1949.

Moscow and Washington both opposed their clients' invasion plans, but in April 1950, Soviet records document that Kim persuaded Soviet leader Joseph Stalin to back a northern military campaign to retake the south, arguing that with mass support in South Korea, he would quickly achieve victory.

The United States had, meanwhile, actively contributed to fostering a tense, war-like situation before the outbreak of fighting in June 1950, documented in government documents and presidential papers declassified in the 1970s.

On 25 June 1950 large contingents of North Korean troops crossed the DMZ, which is considered to mark the start of the Korean War. Just three days later, the U.S. imposed economic sanctions against the north following the U.S. Export Control Act of 1949, which placed a total embargo on exports to the country.

Intense fighting occurred until 27 July 1953, when a ceasefire was reached. The war has technically never ended since hostilities were only brought to an end by an armistice negotiated in November 1954.

The armistice document was signed by all warring parties, apart from the government in Seoul. South Korea actually opposed the armistice and, according to historians, would have preferred to continue the war until claiming victory over the north.

Following the armistice, sanctions were not revoked. On the contrary, more sanctions were dialled up over time. A formal peace treaty has never been signed, which means that the Korean War (military and economic) has still not ended to this day.

The war left North Koreans with painful memories of the American air campaigns against their country, which were of extraordinary destructiveness and brutality. There was the widespread and continuous use of fire-bombing (mainly with napalm), threats to use nuclear and chemical weapons of mass destruction, and the senseless destruction of the north's irrigation dams, which provided water for 75 percent of the country's food production. The flooding of the rice fields, the final act of this barbaric air war, caused mass starvation among the population. These attacks received no attention at the time and rarely ever factor into the debate in the Western media today.





*American bomber shot down during the Korean air war. Picture taken in a museum in Pyongyang.*

The brutality of these episodes is also largely unknown even to historians, let alone to the average citizen. The historical conduct of the U.S. forces is never mentioned in connection with the present-day North Korean nuclear issue. To illustrate the carnage of this war, here are a few examples based on American (not on North Korean) sources: On July 31, 1950, 500 tons of Napalm ordinance was dropped on the industrial city of Hungnam, the flames rose up to 100 meters into the air; on August 12, 1950, 625 tons of napalm bombs were dropped over North Korea and by late August 1950 B-29 formations were dropping 800 tons a day, much of it pure napalm. This would have required a fleet of more than three hundred B-17 aircraft in World War II. Older North Koreans who lived through the war told me that for three years, they faced a daily threat of being burned alive with napalm. By 1952, just about everything in northern and central Korea was completely levelled. Survivors took refuge in caves, creating an entire life underground, in complex dwellings of makeshift schools, hospitals, and factories. In the northwestern Chinese border province, Liaoning some Chinese told me that out of the 1.6 million Chinese that fought on the side of the North Koreans during the war, many of whom included students, only 400.000 came back. Most of the dead were victims of U.S. air strikes. The ferocious bombing led the American author and historian Bruce Cumings to call it “an American holocaust.”

US General Douglas MacArthur, commander of the then UN/US “coalition of the willing” testifying to Congress in 1951 that:

“The war in Korea has already destroyed that nation of 20,000,000 people. I have never seen such devastation. I have seen, I guess, as much blood and disaster as any living man, and it just curdled my stomach, the last time I was there. After I looked at that wreckage and those thousands of women and children and everything, I vomited.” (‘Napalm – An American Biography’ by

Robert Neer, Belknap Press, 2013, [p. 100](#), quoted by [Media Lens](#)).

US Air Force General Curtis LeMay writing:

“We burned down just about every city...we killed off over a million civilians and drove several million more from their homes, with the inevitable additional tragedies bound to ensue.” (Ibid., [p. 100](#), quoted by [Media Lens](#)).



*Tweet by U.S. Department of Defense on an anniversary of the Korean War remembering it “almost destroyed North Korea.” President Trump, its current Commander-in-Chief, apparently wants another chance to finish the job by, in his words, “completely destroying North Korea.”*



*(Tweets by Prof. John Delury, and WSJ reporter Jonathan Cheng)*

*Former presidents felt restrained from destroying North Korea only because of the collateral damage to its ally, South Korea. However, President Trump doesn't see any limits to his actions.*

North Korea has always faced the credible threat of American nuclear strikes. The Bulletin of the Atomic Scientist witnesses mentioned in a report, “During the Korean War (1950-1953), the United States threatened several times to use nuclear weapons.... Nuclear weapons and Korea have been entwined for more than 50 years.”

In fact, after the armistice, U.S. military forces remained in South Korea and introduced nuclear weapons in violation of the armistice agreement which prohibited the introduction of such weapons. In January 1958, the US installed 280mm nuclear cannons and nuclear-tipped missiles in South Korea. A year later, the Air Force stationed a squadron of nuclear-tipped Matador cruise missiles. In 1967, a Pentagon war game script stated, “The twelve ROKA and two US divisions in South Korea had... keyed their defense plans almost entirely to the early use of nuclear weapons.”

Later on, so-called atomic demolition mines were installed, each one containing a 20 kiloton explosive force which corresponded to the force of the atomic bomb dropped on Hiroshima.

While the established military strategy of the U.S. in Europe was to delay, delay and delay some more – and then use nuclear weapons only if absolutely necessary to turn back the overwhelming assault of enemy troops, the U.S. planned and trained for the use of tactical and battlefield nuclear weapons in the very early stages of a new Korean conflict.

The usual scenario involved nukes at H + 1 or within one hour of the outbreak of war. The logic was that the U.S. dared not use nuclear weapons in Europe except in the greatest extremity because the other side had them, but the U.S. felt it could use them in Korea because the North Koreans don't have them. South Korean commanders quickly got used to the idea that the United States would use nuclear weapons at an early point in a war with North Korea. The so-called AirLand Battle strategy developed in the 1970's added an element of preemption; it called for quick, deep strikes into enemy territory, again with the likely use of nuclear weapons, especially against hardened underground facilities of which there are many in North Korea.

North Korean forces both expanded and redeployed in the late 1970s as a response to the AirLand Battle doctrine. The redeployment led to the stationing

of nearly 80 percent of their ground forces and artillery near the border. American and South Korean sources routinely cite this expansion and redeployment as evidence of North Korea's aggressive intent. In fact, it was done so that as many soldiers as possible could get into the South (regardless of how a war started) to mingle with South Korean forces and civilians before nuclear weapons would be used, thus making their use less likely.

In short, from 1958 to 1989 the U.S. kept a large stockpile of nuclear weapons in South Korea, in violation of the armistice accord and of the non-proliferation treaty.

The essential principle of the nonproliferation regime is that countries without nuclear weapons cannot be threatened by those that possess them. In order to obtain the requisite votes from nonnuclear states to get the Non Nuclear Proliferation Treaty through the United Nations in 1968, the United States, the United Kingdom and the USSR committed themselves to aid any “victim of an act or an object of a threat of aggression in which nuclear weapons are used” (Security Council Resolution No. 255, 7.3.68).

So it was the Napalm holocaust, the non-respect of the armistice agreement, of the nonproliferation agreement and, as we will see later, the non-respect of the 1994 Geneva nuclear framework by the U.S. that created a deep mistrust by the North Koreans. This history of flagrant U.S. double-dealing compelled the North Koreans to seek a strategic military deterrent. It is no surprise then, that the North Korean constitution stipulates that the populace be armed and that the country function as a fortress.

Article 10 of the nuclear non-proliferation treaty, of which North Korea was a signatory state since 1985, determines that a member state is entitled to terminate its membership if it faces extraordinary circumstances affecting its supreme national interests.

In 1993, the U.S. announced that it would redirect its nuclear weapons that it had previously aimed at the Soviet Union towards North Korea. It then immediately began large-scale military exercises right on North Korea's borders involving tens of thousands of military troops, including B-52 nuclear bombers and naval vessels equipped with cruise missiles.

North Korea determined these actions as a threat to its supreme interest and gave notice to the U.N. that it would withdraw from the NPT. It followed proper procedures as outlined in the treaty to withdraw from the NPT. A day before the



expiry of the 90 day termination period North Korea, ready to negotiate with the U.S., stated it would agree to suspend the withdrawal, but insisted it was no longer a full member of the treaty.

Although North Korea turned to nuclear weapons as a deterrent, the U.S. had opportunities to freeze North Korea's nuclear weapons programs, once in 1994 during the Clinton administration, and in the early 2000s during the George W. Bush administration.

Both times North Korea agreed to and actually did freeze its nuclear weapons development program in exchange for security guarantees from the United States, a basic commitment that the U.S. would not attack the DPRK, and a commitment toward normalizing relations between the U.S. and North Korea. Both times the U.S. did not follow through on its commitments because the conventional wisdom was at that time in Washington that North Korea would face imminent collapse and so there was no need to follow through on the agreement.

The 1994 Geneva Framework Agreement, a bilateral deal between the two countries outside the NPT, was the most comprehensive approach ever to denuclearize the North. North Korea promised to give up its nuclear program, in which uranium was used that produced plutonium, and the U.S. in turn agreed to:

(1) Supply the country with two light-water reactors (which are the most "proliferation-resistant" nuclear reactors on the market) by 2003, meant to replace an operational 5 Megawatt power plant with a gas cooled graphite-moderated nuclear reactor (which could yield about 5-6 kg of plutonium a year, according to experts) and 50 MWe and 200 Mwe power plants with graphite-moderated reactors under construction.

(2) The supply to North Korea of 500,000 tons of fuel oil a year until the light water reactors were operational.

(3) The upgrading of bilateral relations to the ambassadorial level.

(4) Formal assurances to the DPRK against the threat or use of nuclear weapons.

For several years, things seemed to be going well. In 1998, US officials involved in the implementation of the agreement testified to Congress that both the US and the international atomic energy agency were satisfied that there had been

“no fundamental violation of any aspect of the framework agreement” by North Korea. But on its own pledges, Washington failed to follow through:

- 1) The light water reactor power plant to be finished in 2003 was delayed from the beginning of the agreement and its completion was several years behind schedule, and the light-water reactors were never supplied.
- 2) The supplied high-sulphur-content liquid coal was difficult to use in Korean boilers and never amounted to more than 2 percent of its energy needs.
- 3) Bilateral relationships were not established.
- 4) Instead of formal security assurances, more threats were made, culminating in George W. Bush's classification of the country as a member of an “axis of evil”, a rogue state and a preemptive war threat.

On the U.S. side, the deal had been negotiated by the Clinton administration, but when the Bush administration took over the threats became more pressing. A deputy secretary of state visited Pyongyang in October 2002 and accused North Korea of pursuing a secret nuclear weapons program in violation of this accord. The U.S. stopped supplying the heavy oil it had agreed to and the North reactivated the hitherto mothballed Yongbyon nuclear facilities and began reprocessing of the fuel rods. It then expelled international atomic inspectors. Western media again eagerly took up the U.S. allegations although there was no proof for the claim. While Western politicians and media pointed the finger to North Korea as it allegedly committed a serious breach of the 1994 agreement, they did not scrutinize the U.S. or ever accuse it of failing to abide by the obligations of the agreement.

Instead, the U.S. started imposing sanctions on North Korea to speed up its collapse and also carried out aggressive military rehearsals with South Korea. This hostile climate gave North Korea few choices but to return to nuclear weapons. The Obama administration also neglected any meaningful attempts at engagement, instead adopting a policy of “strategic patience,” in other words, waiting for the regime to collapse. The Obama and Trump administrations declared they were only prepared to hold negotiations with North Korea if the latter first dismantled its nuclear program with nothing in return. This was a non-starter and an excuse for squeezing and cornering North Korea even harder in lieu of any meaningful diplomacy.

North Korea’s foreign minister stated at an ASEAN meeting in summer 2017

that it would be willing to freeze its nuclear program if the U.S. stopped its military drills in North Korea's neighborhood, where it stages annual rehearsals of a North Korean invasion and leadership decapitation operation. He also signaled preparedness to put the nuclear program on the negotiating table if the U.S. reversed its hostile policies. The Western media didn't report it. At an [informal meeting](#) with an American delegation, the North Koreans explained what they meant: it would halt North Korea's nuclear and missile testing if Washington ditched its anti-North Korea policy and dropped economic sanctions. It also called for the U.S. to sign a bilateral peace treaty that would replace the armistice and formally end the Korean War.

NEWS

# Kim Jong Un is the new Saddam Hussein: John Kerry

By S.A. Miller

December 15, 2013 | 4:46pm

(New York Post headline on December 15, 2013)

*Being compared by the U.S. Secretary of State to a state leader who was bombed from power by the United States is a strong reminder to North Korea's leader that without a strong deterrent he may be the next in line.*

The U.S. heightened its bellicose rhetoric against Iraq, another member of the so-called "axis of evil." Feeling threatened, North Korea announced in 2002 that it had developed nuclear weapons. The following year, the United States invaded Iraq. It showed North Korea how vulnerable a country is when it faces a military super power without a nuclear deterrent. It has accelerated the development of its nuclear defense capabilities ever since.

Still, North Korea and the United States agreed again in 2006 that Pyongyang would abandon nuclear weapons in exchange for a peace treaty and normalizing relations with the U.S. Almost immediately after this agreement the U.S. "sanctioned" a bank in Macau and had its North Korean bank accounts frozen. Upset by what it considered as betrayal, North Korea walked away from the agreement and conducted its first nuclear test in 2006, after which the United States and its allies punished it with stern sanctions.

**"Every time progress was made it was promptly derailed"**

“At the end of 2002, China initiated the six-party talks with the US, North Korea, South Korea, Japan and Russia. It was no easy job for China to manoeuvre between North Korea and the U.S., trying to talk the former into giving up its nuclear programme and the latter into addressing North Korea’s security concerns. But so successful were these talks that work began on closing and sealing up the nuclear facilities in Yongbyon.

Unfortunately, every time progress was made it was promptly derailed. For example, the U.S. decided to impose financial sanctions on North Korea for money laundering just as the six parties were prepared to implement the joint statement agreed in September 2005. North Korea responded with its first nuclear test.

Throughout the Obama administration, the U.S. followed a policy of “strategic patience,” which was in fact a cover for inaction. Peace talks came to a halt and sanctions became the only tool for the U.S., whose real aim was widely believed to be regime change in North Korea.”

*[Fu Ying](#), Chairperson of the Foreign Affairs Committee of China’s National People’s Congress*

In 2008 the U.S. removed North Korea from the State Sponsors of Terrorism list and Pyongyang agreed to incapacitate its nuclear facility in Yongbyon. The Republican Party lost the 2008 presidential elections and Democratic Party candidate Obama came to power. The U.S. Congress, then controlled by Democrats with an overwhelming majority, refused to implement the agreement between North Korea and the Bush administration. Instead, it chose to restart the annual large-scale military invasion drills near North Korea’s border. North Korea accelerated its nuclear self-defence program after losing faith in the U.S. time and time again.





*There are any number of anti-North Korean political activists, politicians and journalists who accuse foreign business people's dealings with North Koreans as being nefarious. Is this picture the proof they need that the "Capitalist in North Korea" was a rocket man," his many other business activities a front while he helped the North Koreans get the supplies they needed to build their deadly rockets and nukes... ?*

### **What does North Korea want?**

You know what the United States wants, but the [media](#) won't tell you what North Korea wants.

From a North Korean perspective, there are three scenarios to handle the nuclear standoff. The first scenario envisages the Americans agreeing to talks with North Korea to replace the 1953 armistice with a lasting peace treaty, endorsed and backed up with a security guarantee by other stakeholders in the region. The second imagines that the U.S. will continue to ignore the DPRK by refusing to talk or to come to a balanced agreement. The third is a worst-case scenario, in which the U.S. will respond to the North Korean nuclear arms program by unleashing surgical strikes on North Korea's nuclear facilities.

The first scenario is a dream scenario involving the U.S. agreeing to leave behind more than sixty years of hostility and to establish full diplomatic relations. For its part, the U.S. would stand to benefit most because the U.S. will have the DPRK giving up its nuclear arms program for practically nothing or little. In short, every party will emerge a winner.

The second scenario is the second best because lack of bilateral talks and a peace mechanism will enable North Korea to emerge a declared nuclear power. Official membership of the elite nuclear club will discredit the American nuclear umbrella and deal an embarrassing blow to the global regime of international nuclear non-proliferation. North Korea will become a winner, while the U.S. will be a loser.

The worst-case scenario sees the U.S. rejecting the North Korean offer to negotiate the peaceful resolution of the nuclear standoff.

November 8, 2017

THE NEW YORKER

News Culture Books Business & Tech Humor Cartoons Magazine Video Po

complacent: Neither the public nor the financial markets appreciate how high the risk is of a war, and how devastating one could be.”

Chalk it up to Trump fatigue or North Korea fatigue, or a combination of the two, but members of America’s political class—the “blob” of government officials, donors, and media types—have started to talk about war with Pyongyang as an increasingly likely prospect. Last week, I spoke to a former

Excerpt from [article](#) “Is the Political Class Drifting Toward War with North Korea?”

The U.S. would find itself almost alone in the international community if it chose to nix the peace overture from Pyongyang and start a war. A new inter-Korean war would likely expand into a thermonuclear war and/or a chemical war spilling over into China and Russia. This horror scenario will end up leaving large parts of South Korea, parts of Japan and perhaps even parts of the metropolitan U.S. destroyed.

FACTS, FIGURES AND CONTEXT

## MILITARY SPENDINGS COMPARISON

U.S., South Korean and Japanese military versus North Korean military

### 1. United States

The U.S. has a \$0.6 trillion [war budget](#) and 3.2 million employees (not including an army of mercenaries, otherwise known as “contractors”). The U.S. outpaces all other nations in military spending, which is roughly the size of the **next seven largest military budgets** around the world, combined. And it doesn't include another [250 billion in hidden costs](#). Together it amounts to almost 1 trillion or as much as federal government expenditure for [Social Security](#). (While the security of the country from a military and police perspective has top priority, [food insecurity](#) still ranges from 8.5% - 20.5% across all states of America). World military spending totaled more than \$1.6 trillion in 2015. The U.S. accounted for **37 percent** of the world total.

President Trump urged Congress to increase military spending in 2018 by 10 percent.

### 2. South Korea

South Korea's GDP is 50 times larger than the north and it spends about [thirty](#) times more on defense. Since 2007, South Korea has bought an estimated \$10.7 billion in weapons from several countries. In [2016](#) its arms imports amounted to \$1.3 billion, of which \$0.5 billion stemmed from the United States. It has much more advanced and modern equipment (it used to buy more [weapons](#) from the US than even Saudi Arabia) and can mobilize two and a half times more troops ([standing army plus reservists](#)) than the North according to the International Institute for Strategic Studies (IISS).

### 3. Japan

Japan is to spend [48 billion](#) or almost 5 times more than North Korea.

### 4. North Korea

North Korea's total defense spending is about \$10 billion which corresponds to the price (acquisition cost plus development cost) of the *USS Gerald Ford*, America's newest aircraft carrier. Or it corresponds to about one fifth of the

increase of America's military budget (as asked by President Trump) for 2018.

North Korea's active service [personnel](#) amounts to 945,000, it maintains a total of 945 aircraft, its army comprises 5,025 tanks, 4,100 armored vehicles, 6,550 artillery, and 2,500 rocket projectors. Its total naval assets include 438 patrol craft, 11 frigates, 2 corvettes, 76 submarines, 25 mine warfare vessels. The figures, looking impressive on paper, still don't say anything about the real value of the military assets and the number of troops able to fight a war. North Korea's military is known for suffering from fuel and ammunition shortages for training. Its conventional military hardware is half a century old and largely obsolete (some of its equipment are dating back to World War II) and in the case of war, much of it may not function properly. Instead of channelling all its resources into building a formidable fighting force, it chose instead to become a huge construction building enterprise. It has maintained the country's infrastructure and built new residential and shopping areas, zoos, water parks, science centers, etc. The much larger, modern and better trained hi-tech armies its enemies have are no match for it and could possibly destroy it in a war within days or weeks, rather than months.

In other words, North Korea has actually cut its already comparatively small military budget substantially as a very large portion of it is now used for non-defense purposes. This also made it possible to free resources to fund its much less costly nuclear program. North Korea doesn't need to build a large stockpile of nukes and missiles. It simply needs the capability to destroy a couple of cities in the United States, like New York and Los Angeles. The U.S. would not dare to destroy Pyongyang if it risked to lose just one American city in exchange. North Korea also invests in its cyber warfare capabilities, the cost of which is tiny compared to its large conventional military. Cyber operations can also be used as a lower risk-way of inflicting damage on foes in an armed conflict or to retaliate against America's economic warfare. Politicians and media started emphasizing North Korea's cyber abilities and "threat" when they claimed it hacked the Japanese company Sony's Hollywood studio. Like in other cases of alleged North Korean cyber crimes no proof was offered as it is "[impossible to tell the difference between random hackers and governments.](#)" Experts also explain that "it's possible that North Korea is being [framed for global cyber attacks](#)" by its enemies. What is clear is that its cyberwarfare abilities are definitely no match for America's since the [NSA](#) infiltrated North Korea's computers years before the Sony incident and it seems North Korea didn't even have a clue about it.



Instead of using intercontinental ballistic missiles, satellites could be used to trigger a thermonuclear bomb from high altitude, causing an [electric magnetic pulse](#) ([EMP](#)). It could take those parts of the electrical power system down which are older, long-segment circuits and thereby cause economic chaos rather than human casualties. (That a North Korean EMP attack would kill [90%](#) of all Americans, as widely reported by media, is nonsense and self-serving fearmongering by “experts” whose services are no longer used.)

#### TOTAL INVENTORY OF NUCLEAR WEAPONS 2017

US	6,800
Russia	7,000
UK	215
France	300
China	270
India*	125
Pakistan*	135
Israel*	80
North Korea*	15

\*countries which are not members of the NPT. If they joined the treaty they would have to [dismantle](#) their nuclear weapons and place their nuclear materials under international safeguards as South Africa did in 1991.

Source: [SIPRI](#)

Though the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) obliges nuclear states to disarm, they continue to spend billions on updating their systems and developing nuclear weapons. They are in [breach](#) of the NPT. The U.S. is the biggest NPT violator as it will spend a record sum of approximately \$400 billion over a 10-year period to maintain and modernize its nuclear weapons arsenal and build new nuclear weapons facilities.

#### NUCLEAR TESTS SINCE 1945

US	1,032
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USSR/Russia	727
UK	88
France	217
China	47
India	3
Pakistan	2
North Korea	6

Source: [Wikipedia](#)

## NUCLEAR STRIKE DOCTRINES:

United States: first strike, preemptive nuclear strike (rehearsed mock attacks against North Korea over decades).

North Korea: second strike, retaliatory nuclear strike.

## MISSILE TESTS

The U.S. had nuclear weapons since 1945 and even dropped two of them in the same year on Asian cities. Since the 1950s it also has Intercontinental Ballistic Missiles (ICBM) to deliver nukes, and hundreds are ready to be launched on short notice. As we speak many are directed at various targets in North Korea. The U.S. continues to test ICBM and the latest tests were carried out in 2017.

North Korea's Hwasong-14 ICBM may be able to reach the United States. But its nuclear weapons are too big and heavy to fit on its ICBM. It may take perhaps years until it is able to sufficiently miniaturize its nukes and its delivery technologies are also about a couple of generations behind that of America. So far, North Korea has carried out two ICBM tests.

*There is no international law prohibiting countries from testing ICBM. The U.S. routinely tests ICBM (last one in 2017). India and Pakistan, which are, like North Korea, not NPT signatory states, have tested ICBM without being punished, in 2017, the same year when North Korea was "punished" with the most strangulating sanctions for doing the same. The United Nations Security*

*Council (UNSC) has no legal authority to decide who should and who should not have nuclear weapons. Also, North Korea is not in violation of the nuclear NonProliferation Treaty since it acted in conformity with Article 10 of the NPT. The U.S. accuses North Korea of violating U.N. resolutions and then urges the U.N. Security Council to punish it by piling up more sanctions. But for the aforementioned reasons, a strong case could be made that sanctions against North Korea are, in fact, not legal.*

## WEAPONS INDUSTRY AND EXPORTS

The United States has by far the largest global weapons manufacturing industry and is the world's largest weapons exporter, selling at least \$10 billion a year to other countries. Of the five companies with the highest weapons and defense revenue, four are U.S.-based. Only very few countries can or want to fund the extremely expensive development and manufacturing of major weapons systems with taxpayers' money. North Korea's arms exports, called "[illicit](#)" by the U.S. government, pundits and the media, have not only been tiny, but also much less lethal in comparison with America's, since they comprise mainly [small arms](#). Due to "sanctions" North Korea is now no longer able to export arms.

## VESTED INTERESTS BEHIND RISING TENSIONS AND MORE WARS

In 1961 U.S. President Eisenhower, himself a general, warned of the greatest threat to the United States: the military-industrial complex, a growing and ever-more influential industry of military contractors, lobbyists and [think tanks](#) earning their fortunes through the promotion of perpetual war. Eisenhower warned that "an immense military establishment and a large arms industry" had become a hidden force in U.S. politics. He urged that Americans "must not fail to comprehend its grave implications." Indeed, half a century later Americans find themselves in a state waging perpetual wars on multiple fronts. In 2017 the Republican Senator Rand Paul called for all war to be subject to approval by Congress and [declared](#) in the Senate: "I rise today to oppose unauthorized, undeclared, and unconstitutional war," currently being waged by the United States "in seven different countries." The expanding military-industrial complex, well represented in the Senate, [blocked](#) his attempt to repeal the wholesale authorization for such wars, which would of course not have been in its best business interest.

U.S. military and homeland budgets have soared with no real checks and balances, sustaining the livelihoods of millions of people in an otherwise declining economy. Hundreds of billions of taxpayer dollars are given to agencies and contractors who have an incentive to keep the United States on a perpetual war footing. The world's largest weapons manufacturing and exporting enterprise is also a colossal global enterprise with 800 overseas military bases in 70 countries scattered across "strategic areas" throughout the world. Trillions of dollars have flown from the public coffers to military and homeland security companies in less than a decade. Thousands of military-industrial complex lobbyists make sure that this money flows to its companies, adding further fuel to violent military conflicts around the world. Elected politicians are obliged to defend the military-industrial complex's interests. 75% of U.S. soldiers stationed in foreign lands stem from working-class families that have little political influence in Washington, according to studies. It is, therefore, no surprise that many politicians who opposed Senator Rand's initiative, call, on behalf of the military-industrial complex, for ever-more "military options," in countries ranging from North Korea, to Iran to Venezuela to Ukraine and elsewhere.

Members of Congress are not the only elected politicians making sure the highly profitable war machine turns faster. Wars, including the so-called wars on terrorism, may not be unwelcome for the president either, as they boost his powers and popularity when the media rallies behind him. In short, politicians have a strong incentive to maximise the budgets for military and homeland agencies, thereby causing a windfall for military manufacturers. To justify this expenditure, they require hot spots around the globe. When these hot spots are in short supply, they engineer the "threat."

So whereas the U.S. civilian economy shows moderate growth at best, the war-based economy enjoys substantially growing budgets. And these budgets related to the Department of Defense and the Department of Homeland Security are no longer facing serious scrutiny by the elected representatives of the voters, since many of them actually represent the military-industrial complex. And therefore, it has also become much easier to have environmental and social programmes axed or reduced by billions as war-related budgets continue to expand – in order to meet the challenges posted by "new threats"! While countries like Iran and North Korea feel threatened by this awe-inspiring monster of the military-industrial complex and its countless military bases, which rehearses regime change, decapitation and invasion strategies, the U.S. calls these countries – in a perfectly Orwellian manner – "threats to the United States," or worse: a "[threat to the entire world](#)." And



sure the American owners of defense stocks must be satisfied with their government as it prepares itself to go on war against North Korea... [defense stocks](#) are soaring because of it.



[CNBS](#) news headline 12.10.2017

## SECURITY-INDUSTRIAL COMPLEX

The “security-industrial complex” is another high-growth industry partly overlapping with the military-industrial complex. It largely draws its “legitimization” from fighting terrorist groups the U.S. government itself had in part created or helped grow (by invading Muslim countries or killing innocent civilians in Muslim countries with rockets and drones, which it refers to as “collateral damage.”) The U.S. government also labels entire countries such as Iran and North Korea as “terrorist sponsors” to justify its own military violence and coercive policies. Let’s view this industry’s cost for American taxpayers in comparison to other threats to the American people.

**Anti-Terrorism spending is [50,000 times](#) more than on any other cause of death in America**

- Number of American lives lost to terrorist attacks in the last decade:

roughly 3,000

- Number one threat to Americans: heart disease killing 700,000 people a year
- Number two threat to Americans: cancer killing 550,000 people a year

The U.S. devotes [\\$150 billion annually](#) to terrorism, the least likely means of death, while it combats the most likely cause of death, heart disease, with only [\\$2 billion](#). Terrorism kills 300 Americans a year compared to [1000 people](#) who are struck by lightning every year. I couldn't find any figure from the federal budget to protect Americans from being killed by lightning strikes, although they kill 3 times more Americans than terrorism.

[\\$300 million](#) is used for research on the third most likely cause of death, strokes. The U.S. government spends only \$2,000 for every death resulting from strokes but makes tax payers spend \$500 million on every death from terrorism. Obviously, the fat and highly profitable security-industrial complex needs to be well-fed.

## **WHAT DO NUKES AND A CONSTRUCTION BOOM HAVE IN COMMON?**

Western observers were astonished by the fact that in North Korea, numerous construction projects were realized over the last years, despite sanctions. Eighteen towers standing up to 48 stories tall were finished in 2012, in a part of Pyongyang which expats call "Pyonhattan". New apartment complexes were built every year at high speed, and therefore, not always at high quality. Other large living compounds were also built, for example, in recognition of the achievement of those who built satellites and for other scientists. Functional buildings like theaters, water parks, airports and a Science and Technology Center were added as well.



*Many glistening new buildings in Pyongyang make the city unrecognizable from what it was ten years ago.*

Some speculated that the nouveau riche known as “donju,” or “masters of money,” acted as investors. It seems unrealistic, however, that they could have hoarded cash worth hundreds of millions of dollars readily to be invested in large building projects with an uncertain return on investment.



*A glimpse from my office in 2007 in Pyongyang, showing military service men and civilians building and renovating the city.*





*Pyongyang by night (with traffic jam on an official holiday). Photo credit: Volker Eloesser*



*Soldiers of the Korean People's Army built the Masikryong Ski Resort, near Wonsan in Kangwon province, in only ten months, giving rise to the new slogan "Masikryong speed." This has become a symbol of national pride. Such "speed battles," as they are called, are the battles the military are used to and good at. Years before it was constructed, I had visited another ski resort (pictured) in Samjiyon in Ranggang Province, near mount Paekdu when it was under construction by the military. When it was finished, it had 2 km of slopes with two lifts for skiing and snowboarding.*

It didn't come to the observers' minds that the nuclear program allowed the country to save a very substantial amount of money, probably billions of dollars, because it is much cheaper and it makes more sense from a defense point of view than to continue to fully fund a much more expensive conventional military with largely obsolete military assets which wouldn't be able to deter, let alone defend the country against the invasion of modern high-tech armies.



*Better at peacefully building up than at violently tearing down: soldiers of the Korean People's Army.*

So, North Korea's People's Army isn't actually the formidable fighting force people in the West think it is, but a formidable construction company which builds and maintains the country's infrastructure and which has been behind North Korea's construction boom. It differs from its opponent, the U.S. military, which has to prepare for violent conflicts and fight its many wars around the globe. Imagine for a second [Puerto Rico](#) had been North Korean when Hurricane Maria tore through the island on Sept. 20, 2017. Its army could have moved in rather swiftly to fix the storm-ravaged island's water, sewage and power supply for the 3 million inhabitants. Being an island owned by the United States with very different military priorities, however, means the unfortunate Puerto Ricans had to wait (and suffer) quite a bit longer until their fate changed for the better.



## 11. SANCTIONS: SILENTLY KILLING THE INNOCENT

### THE RISE AND DEMISE OF E-COMMERCE IN NORTH KOREA

In an effort to promote and sell these North Korean artists' work, one of the best art studios and I set up North Korea's first art e-commerce enterprise. But with Western financial sanctions the cards were always stacked against us: North Korean banks were cut off from the international banking system and the use of credit cards, PayPal or even a simple bank transfer was made impossible. So with no way of receiving payments electronically and the site being repeatedly attacked by hackers, the painters and I had no choice but to close for business.



*A collection of North Korea's most talented painters and myself. I befriended these “people’s” or “merited” artists and was dismayed when their entrepreneurial spirit was snuffed out as a consequence of Western sanctions.*

North Korea is not only rich in talent, like these gifted painters. It is blessed with abundant natural resources: huge deposits of metals and minerals; coal, lead, tungsten, zinc, graphite, magnesite, iron ore, copper and massive amounts of gold, all worth trillions of US dollars. It is also estimated to contain two-thirds of the world's supply of rare earth elements, essential to many sophisticated technologies from cell phones to guided missiles. However, the North Korean government has been unable to utilize this potentially great wealth to develop the country and improve the conditions of its people because of the U.S. and E.U.



ban on their export.

In reverse, the Western sanctions banned the import of a huge array of products into North Korea years ago: Italian Salami, French cheese, Swiss watches, billiard tables, pianos, cars... But it is not only consumer goods that are prohibited: The U.S. government's treasury department even banned the use of Google, Microsoft, Facebook and LinkedIn throughout the country.

As can be seen from the fruitless efforts of the “e-conscious” painters, an unforeseen consequence of Western sanctions is the forcing of legitimate enterprises out of business. Alternatively, it pushes them “underground” and compels them, for example, to use unconventional payment methods such as cash couriers. These kinds of activities are loved by headline writers in the Western press. But the cause and effect of Western embargoes is never highlighted: these embargoes do not target illegal activities, but rather hurt legitimate businesses and force them into illicit practices. Real criminals' adept use of the black market means the sanctions have little or no effect on their activities.



*This “people’s artist” showed me his latest painting I was expected to sell online. He is someone who holds the highest professional level, after having undergone extensive schooling of upto eight years in an art academy and a many years-long practice starting after graduation from “First Degree,” and then climbing up the ladder until reaching the top level called “people’s artist.”*

Additionally, sanctions now ban legitimate foreign investment and as a consequence hamper the spread of responsible capitalism and hence economic

development. In emerging markets, foreign direct investment has always been a key driver of economic development. Sanctions also form a barrier to the emerging entrepreneurial middle class of traders and manufacturers, who struggle to find foreign suppliers and buyers willing to deal with them under such dissuasive circumstances. It is important to note that the “informal economy” creates new job opportunities and keeps countless North Koreans afloat. For many it is their only way out of grinding poverty and hardship. Thus sanctions are negating the beneficial effects market forces have on the economy and their importance as agents of change in North Korean society. Instead they are exacerbating food shortages and increasing the dependence on foreign aid.

In short, strangulating policies may have led to quite absurd consequences, perhaps not intended by the instigators. Formidable legitimate sources of income have effectively been blocked which has put pressure on North Korea to substitute them for less legitimate ones.

## SHIVERING VIBRATOS

Karaoke is no less popular in North Korea than in other East Asian countries.



The difference is that in North Korea's harsh winters, when people still go to sing together with family, friends or business partners, they need to do it in a winter coat, as the restaurants often remain insufficiently heated. The new foreign-imposed fuel-reducing sanctions are likely to make karaoke rooms much

colder in the winter. And thanks to them, North Korea's karaoke rooms are bound to become the world's only where singers blow clouds with their breath into the icy air.

## **RUSTY KNIVES AND FAKE WATCHES WITH A SHORT LIFE SPAN ARE JUST NOT GOOD ENOUGH FOR NORTH KOREANS**

The middle class has grown exponentially over the last decade and so has the demand for imported quality products. But sanctions banning items such as Swiss knives and watches were imposed by the developed world which called them “luxury” goods.



*Swiss knives and watches being exhibited at a trade fair in Pyongyang before the United States and its allies banned them and declared them as illegal items.*

North Korean buyers have been prevented from purchasing their favorite products. When suppliers were forced not to supply such products any longer, there was no point in exhibiting these products at North Korea's trade fairs.

## **INSTIGATORS OF A 'COUP D'ETAT'**

The international media broadcast details of this meeting worldwide, framing it as a subtle “coup d'état” against the staunch American policies of the time. The *Financial Times*, for one, wrote: “ABB confirmed that a signing ceremony in Pyongyang was attended by Micheline Calmy-Rey, Switzerland's new foreign



minister, and Hang Pong Chun, North Korea's minister of power and coal industries." It further read, "Washington is planning to put pressure on Pyongyang by isolating its crumbling economy, and ABB's agreement to improve North Korea's power network could undermine this policy."

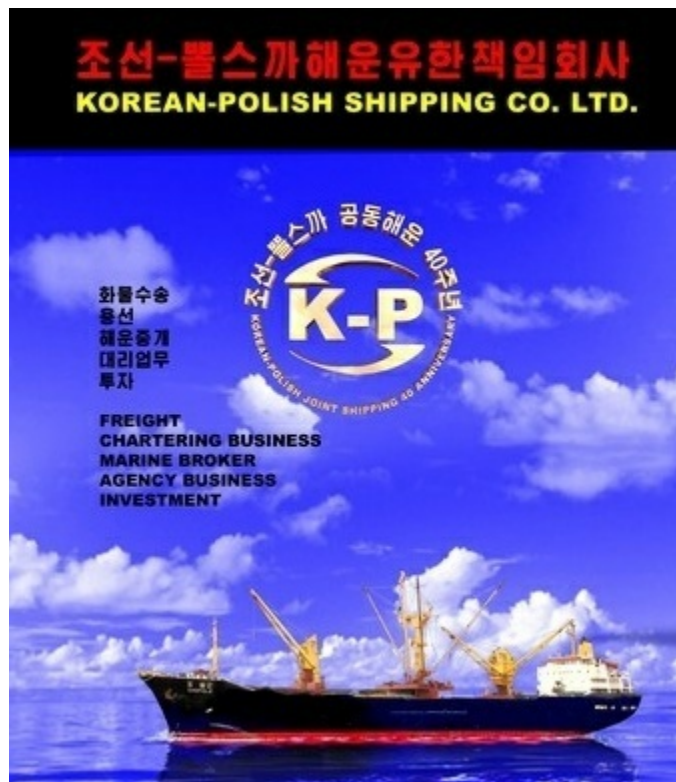


I was part of this meeting as the Swiss-Swedish ABB group's country director, signing a multimillion dollar pre-contract in the presence of the following dignitaries in the background, from right to left: North Korea's minister of power and coal industries, the Swiss foreign minister and the Swedish ambassador.

### **THE OLDEST JOINT VENTURE COMPANY**

The Korean-Polish Shipping Co., Ltd. (Chopol) is a joint venture company which was established as far back as 1967, between the governments of North Korea and Poland.





*Cover page of a Chopol brochure.*

The company set up its head office in Pyongyang and a branch office in Gdynia, Poland. The management team was half Korean and half Polish.

The company's business was cargo transportation and chartering of vessels. It also engaged in brokerage and agency in marine transport and had one vessel of its own (pictured). It was heavily involved in organizing the transportation of commodities such as wheat, flour and sugar between third parties, not involving North Korea. The Polish executives told me that the company was profitable during most of its history, but faced headwinds when Washington started demonizing North Korea as a so-called member of the axis of evil from 2002 which frightened off clients from different countries.

Since then things got much worse. The United States made sure that nowadays North Korean vessels are even "[punished](#)" by the United Nations with a global port ban for merely transporting "prohibited goods" such as seafood, coal or textiles.

## **WHAT DO NORTH KOREANS PREFER – FOOD AID OR FOREIGN BUSINESS?**

Western governments and NGOs used to send massive food aid to North Korea at the end of the nineties and in the 2000s (and probably will soon again, once

the strangulating economic embargo the U.N. imposed in 2017 on North Korea at the instigation of the U.S. starts badly hurting the people).

Meanwhile, I and eleven resident foreign business people founded the European Business Association (EBA), the first Pyongyang-based foreign chamber of commerce (as shown in this [video](#) in 2005).



Selling solar-driven pumps for a profit, as shown at this EBA exhibition booth in Pyongyang, was of course better for the North Korean people than rice bags from abroad for free.

### **WHY IS TRAINING NORTH KOREAN BANKERS USELESS AND WHY SHOULD SAMSONITE TRAIN NORTH KOREAN TRADERS INSTEAD?**

This was the last time that an international bank helped train North Korean bankers (at a special seminar I organized at the Pyongyang Business School). The U.S. government (Treasury Department) made sure that international banks shied away from North Korea thereafter.

The then Asia head in charge of commercial banking at Credit Suisse held a seminar here for the trainers of North Korean banks at my invitation.



What strikes here is that they were all women. The 3rd lady from the right represented the Foreign Trade Bank in Pyongyang. Learning for her and her colleagues how to professionally handle banking tools such as SWIFT payment transfers, documentary credits, deferred payment letters of credit, bank and other payment guarantees etc., considered normal to help importers and exporters do their usual business transactions anywhere else in the world, has become useless in North Korea.

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North Korean banks were upbeat and wanted to offer the services that you take for granted in your own country, until the U.S. imposed financial sanctions that ruined their plans.



Nowadays learning how to optimally use suitcases makes more sense for the cash couriers that have to substitute the bankers (after North Korean banks have been embargoed by the "international community"). A representative of the famous suitcase company Samsonite instead of foreign bankers would do.

Legitimate businesses were obliged to resort to unconventional business methods to survive (and illegitimate businesses had been doing it anyway). They'll depend on cash couriers, bartering and on an ancient "underground banking" system that the Arab world calls "hawala," and that the Chinese call "chop," "chit," or "flying money." These gray financial markets debit the sellers and credit the buyers living in different countries—without physically moving any money.

## **HOW WE BECAME “CASH COURIERS” TO BYPASS FINANCIAL “SANCTIONS”**

At first Western politicians made sure traders in North Korea could not carry out legitimate business in a normal way any longer, by prohibiting bank transfers, allegedly targeting illegal trade. And then they and the media accused North Korea of using cash couriers to bypass their sanctions “[carrying around large suitcases filled with cash to move illicit funds.](#)” Obviously, starving would have been the preferred and only option. The U.S. Treasury put enormous pressure on banks around the globe not to deal with North Korean banks anymore. And they were highly successful. US Dollar transfers to and from North Korea became difficult if not impossible from the mid-2000s. I had to buy items for legitimate business purposes in China, but our suppliers accepted, apart from Chinese RMB only USD. We didn't earn much RMB but enough USD which allowed us to pay our Chinese suppliers' invoices. Due to the blockade of USD payment transfers from North Korea to corresponding banks in China, we had no other choice but to carry cash to China to settle our invoices. That's how we became “cash couriers” – against our will.





*On a business mission in China with USD in pocket – together with staff in a local restaurant.*

Another consequence of the financial “sanctions” was that more and more North Korean companies saw themselves as obliged to open bank accounts in China (and elsewhere) to set up small purchasing and sales teams there. This made business more slow, complex and increased operating costs substantially. Foreign customers transferred money to these bank accounts and North Korean companies used these bank accounts to transfer money to their foreign suppliers.

*Business Insider* wrote that “North Korea Appears To Be Running A Trade Surplus, And That's Troubling News”. It’s based on a study by Marcus Noland and Stephen Haggard of the U.S. Peterson Institute for International Economics. The question is whether the figures their conclusions are based on are of any value. If companies buy machines in China or elsewhere, pay for the equipment there (from their local bank accounts) and send it with a mere pro-forma invoice with a phantasy value for customs purposes to North Korea, how reliable would those trade statistics be?

On March 26, 2013 Reuters reported that the U.S. and its allies were going to put a crippling embargo on North Korea’s Foreign Trade Bank. A senior U.S. official was quoted as claiming: "It was obvious to us, fairly early on, that this

bank is key to the North Korean ability to finance and fund their nuclear and ballistic missile programs.” No proof was given to show if and how much this bank is actually involved to fund the nuclear and missile programs. What I know for sure is that this bank was heavily involved in legitimate trade dealings and all resident expatriates I knew used to have an account there. Diplomats and aid workers used to receive their salaries at their accounts with this bank. They became cash couriers too as they were [obliged](#) to bring their salaries as well as other funds to operate embassies and NGO work from abroad to Pyongyang.

### **50,000+ NORTH KOREANS WORKERS IN SOUTH KOREAN FACTORIES FIRED**

As mentioned earlier the Kaesong Industrial Park in North Korea, jointly set up by North and South Korea in 2004, was about to become a remarkable success story when a conservative South Korean president had it shut down in retaliation for North Korean missile tests in 2016.

The South Korean government also claimed that North Korea diverted wages paid to its workers by South Korean companies to its weapons programmes. Since the claim was made without any proof it [dismissed](#) it later.



*Picture: Kaesong Industrial Park*

The shut-down was a collective punishment for the 124 South Korean companies and their 54,000 North Korean workers which had produced socks, wristwatches and other goods worth about half a billion U.S. dollars. The North Korean workers were driven out of their jobs; they and their families, totaling perhaps a quarter of a million-people depending on the industrial park, were all of a sudden brutally thrown toward a bleak future.

North Korea's government tried to attract foreign investors from China and

elsewhere to operate these factories again, to no avail. It is now trying to run factories itself, but without spare parts the suppliers will refuse to sell to it, all machinery is bound to stand still, rather earlier than later.

### **WHEN TALKING TO ONE ANOTHER WAS STILL A NORMAL THING TO DO**

The first Interparliamentary meeting between the European Parliament and the North Korean Parliament (called Supreme People's Assembly) and government officials took place in North Korea in 2005. A second meeting was held in 2007, but this was the last one. It had been arranged before a hawkish U.S. government ratcheted up pressure on the E.U. to increase North Korea's isolation. There haven't been any inter-parliamentary meetings with North Korea since then.



*The picture shows the chairperson, MEP (Member of European Parliament) Ursula Stenzel, Austria, (left) and MEP Glyn Ford, United Kingdom, (right) who was the guest speaker at my invitation as president of the European Business Association (EBA) to an EBA-luncheon in Pyongyang.*

However, inter-parliamentary meetings with the National Assembly of South Korea take place twice every year. If and when the European Union decides to develop a foreign policy of its own which is independent from America's, there is hope talking to one another would become a normal thing to do again.

## WHAT DO SANCTIONS DO TO ORDINARY NORTH KOREANS?

The United States has “sanctioned” North Korea since 1950. It then prohibited U.S. trade with and investment in North Korea under the *Trading with the Enemy Act* (TWEA). That’s decades before North Korea started its nuclear program as it felt threatened by the U.S., which refused to substitute the 1953 armistice with a peace treaty and normalization of bilateral relations. The U.S. also denied North Korea most-favored-nation trade status with the United States under the 1974 Jackson-Vanik amendment. As a result, U.S. commercial transactions with North Korea were banned with the exception of just a few agricultural items allowed by the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA).



Though advocates of sanctions claim they target only the elite to coerce them into accepting the sanctioners’ demands, it is in fact a collective punishment and a tactic to inspire regime change. They expect that hurting ordinary lives and immiserating a population will make it rise up against the regime on behalf of the sanctioners. But that may just be wishful thinking.

Reed Wood, from the University of North Carolina at Chapel Hill, argues that "sanctions exacerbate internal repression." His [research](#) suggests that "regimes increase oppression to ensure stability when decreased government resources threaten to embolden the opposition." Additionally, he explains, "sanctions have



the potential to create a 'rally around the flag' effect if a targeted nation successfully shifts the blame towards the U.S."



The findings of another, larger [study](#) "utilizing time-series, cross-national data for the period 1981—2000" suggested that "economic sanctions worsen government respect for physical integrity rights, including freedom from disappearances, extra-judicial killings, torture, and political imprisonment."

The study concludes that "economic coercion remains a counterproductive policy tool, even when sanctions are specifically imposed with the goal of improving human rights."

The history of sanctions shows that they hardly hurt the targeted elites but always ordinary people, who may even starve to death as a result. Saddam Hussein was not toppled by U.N. sanctions. The U.S. and the U.N. were not even able to prevent his sons from living a lavish life under the sanctions regime, while at the same time the sanctions caused the deaths of upto 560,000 innocent Iraqi children according to estimates of the [U.N. Food and Agricultural Organization](#).

A [paper](#) published by Stanford University years before the strangulating embargoes were imposed on North Korea demonstrates that the then much milder "economic sanctions deteriorate the well-being of North Korea's

marginalized population in the hinterland," not the elites in the capital.

The Soviet Union, North Korea's benefactor in the past, used to supply North Korea with subsidised fuel. When it was no longer able to do so in the nineties, factories in North Korea came to a standstill, and farms could no longer distribute food across the country. It triggered North Korea's worst crisis ever, causing the starvation of hundreds of thousands. The United States wanted to impose a total oil embargo, which could have had the same impact. China and Russia opposed this brutal measure to avert another large human catastrophe, but agreed to have oil supplies reduced by 30%. The main sector affected by the reduction of fuel supply will be transportation, the agricultural sector and industrial sectors, including the production of cement and minerals. Although the military are also a major consumer of fuel, it will be much less affected as national security will be given first priority at a time of very high tensions with an enemy who announced to be willing to "[totally destroy](#)" it. In a [report](#), the [Nautilus](#) Institute for Security and Sustainability explained, "The immediate primary impacts of responses to oil and oil products cut-offs will be on welfare; people will be forced to walk or not move at all, and to push buses instead of riding in them. There will be less light in households due to less kerosene, and less on-site power generation. There will be more deforestation to produce biomass and charcoal used in gasifiers to run trucks, leading to more erosion, floods, less food crops, and more famine. There will be less diesel fuel to pump water to irrigate rice paddies, to process crops into foodstuffs, to transport food and other household necessities, and to transport agricultural products to markets before they spoil".

But the latest sanctions in September 2017 went much further. They prohibit North Korea from exporting coal (which alone used to generate more than one third of the country's income), textile products (the second largest hard currency earner), iron, iron ore, lead, lead ore, and seafood. These export items generate about 90% of the country's total income, which it "loses overnight," so to speak. With no hard currency it won't be able to import machines and equipment for its industries anymore; raw materials and semi-finished products industries depend on and the spare parts for its many imported machines and equipment, transportation vehicles, and agricultural machinery, as well as fertilizer for farms.

So all factories which can no longer operate machinery will have to shut down! This could affect hundreds of thousands of people, if not millions. They and their families face a dark future and are now at risk of losing their livelihood.

Most of the 100,000 to 200,000 [textile workers](#) that have been “paid reasonably well” in recent years as noted by observers will be plunged into unemployment as well, since their export-dependant factories are prevented from selling their products to China and elsewhere under the latest sanctions regime.



*Reuters journalist Sue-Lin Wong points out in her tweet that textile factories in North Korea, “increasingly run like private enterprises”, have allowed its workers “get a living wage.”*

Thousands of [fishermen](#) will be out of work too since their catch is not allowed to be sold in China any longer.

The workers of foreign joint venture companies will lose their jobs as their businesses will become unsustainable (shortage of hard currency, the impossibility of importing and exporting, the impossibility of expanding the business, etc.).

North Korean [workers abroad](#) whose contracts are not allowed to be extended any longer will have to return home, where they may end up jobless. The loss of one’s job doesn’t mean only one person is affected by it, but several, since almost every job is supporting multiple family members.

- **China’s foreign trade with North Korea, under the U.N. and U.S. imposed sanctions regime:**
- Lead ore and concentrate imports down 84% year-on-year
- Iron ore imports down 98% since January 2011
- Coal imports down 71.6% year-on-year
- Gasoline and diesel exports by China National Petroleum Corp (CNPC) 0% since end of June 2017

There is hardly anybody who is not affected by this economic embargo: even soccer teams invited to international tournaments are refused [visas](#), sailors transporting fish or textiles are “punished” with a global [port ban](#) and painters are not allowed to sell their [artwork](#) across the Chinese border any longer.

80% of North Korea comprises mountainous land and food shortages are frequently caused by floods or by reduced rainfall, like the one that occurred during the April-June planting season in 2017, causing a lack of water for irrigation and hampered sowing activities. In such a case, North Korea imports food to make up for the gap and pays with hard currency earned from its exports. But since the country won't be able to buy food abroad any longer without hard currency, countless people will go hungry and many will die.



*No more fun fair and fun for North Koreans when sanctions will switch off the power.*

The average North Korean will also face more hardship in winter when less fuel will be available to heat homes (most homes are not yet equipped with sun collectors) and offices. Since North Korea keeps strategic fuel reserves, the full impact on homes and offices, and of course on factories will only be fully felt



once depleted.



*This Hong Kong invested garment factory in North Korea, which has been exporting 100% of its production, will go bankrupt as a consequence of the “sanctions” and its workers will lose their livelihood.*

More unemployment, more poverty, less food and more people dying of hunger! What does this have to do with North Korea’s nuclear program? And why is this country singled out and its population punished by the United States, which is technically still at war with it? India, Pakistan and Israel, which are not in a standoff with the United States and therefore not in need to defend themselves against the world’s only military superpower but which are, like North Korea, non-signatories to the nuclear non-proliferation treaty (NPT). Despite this, they are allowed to have nuclear and missile arsenals and do missile tests. It looks like they’re even rewarded for not respecting the NPT since they receive generous aid from the United States! India and Pakistan tested intercontinental ballistic missiles in 2017 and, unlike in North Korea’s case, these countries were not penalized or ostracized.

It is a bitter irony for the North Koreans to experience their country – which hasn’t invaded anybody for decades – being called an “international threat” by the very country which has been bombing, invading, [threatening](#) and overthrowing other nations for many years. Moreover, talk of North Korea being

severely “punished” for this fiction will mostly impact ordinary North Koreans. For many [children, this will](#) mean capital “punishment.”

Strangling sanctions depriving the population of food, electricity and heat, jobs, healthcare, etc. kill ordinary North Koreans and is a serious human rights violation – yet media banalize it and most human rights activists look the other way and many self-proclaimed North Korea human rights activists have been vociferous advocates of sanctions.

*If you can't imagine what strangulating sanctions do the people of North Korea [watch](#) what much milder sanctions did to the children of Iraq!*

## **MEET NORTH KOREAN SLAVE LABORERS ABROAD**

The U.S. government and anti-North Korea activists claimed North Koreans working abroad were slaves, living in slave-like conditions and brutally exploited by North Korea's government and foreign employers. [Abuse](#) of migrant workers is a global scourge and it cannot be excluded that some of the North Korean workers abroad have become victims too.

The United States eventually prevented all North Koreans from working abroad when it succeeded in having economic migration banned by the U.N Security Council. But why would such “slaves” be so eager to endure the slavery and even bribe officials to be allowed to work abroad? North Korea expert Prof. Andrei Lankov investigated and analyzed North Korean economic migration to Russia and tells us a different story of what media and activists call “foreign labor camps,” [here](#).



*This North Korean “slave laborer” in a restaurant in China played the violin perfectly well. Sadly, under U.S. pressure, China decided to close all North Korean restaurants on its territory to silence the beautiful sound of her violin.*



*Waitresses performing a funny show.*





*"Enslaved" waitresses entertaining themselves during a break.*



*Not a show for guests: early morning exercises for waitresses to keep fit.*



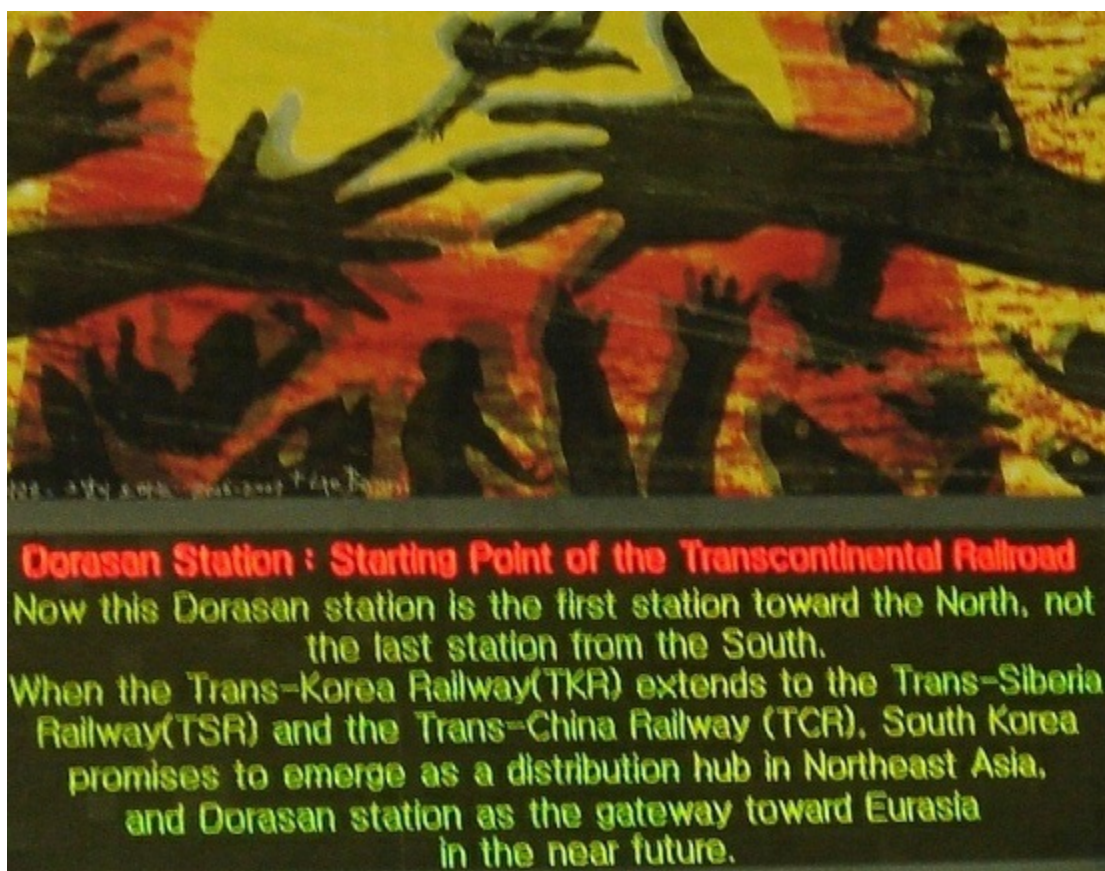
*This waitress in another restaurant in China was super attentive and friendly. She would dance with guests when they asked. In many of the North Korean restaurants abroad, the North Korean waitresses and cooks used to perform with various instruments, singing and inviting guests to join in with them. Guests didn't perceive them as pushy, it was just friendly encouragement. One American restaurant reviewer wrote: "If you are under heavy American propaganda, you'll hardly believe that the stiff North Koreans can loosen up like this." Sadly, this contented waitress and her colleagues, called "slave laborers" by the U.S. government, Western activists and media, were forced to stop performing and cheerfully interacting with restaurant guests as U.S. pressure in 2017 forced North Korean restaurants abroad to close.*

I have met North Koreans in Pyongyang who had worked abroad for 3 years or longer after they returned home. Though the lion's share of their income went to the North Korean organizations which sent them abroad, the workers could save several thousand US dollars which is a lot by North Korean standards during that period. In any case, it was enough to open a restaurant, buy a store front or set up a small garment manufacturing enterprise. It was a way, perhaps the only one, to a more stable and prosperous life for them. The savings turned many of these North Koreans into entrepreneurs who wouldn't have otherwise obtained a start-up loan from banks crippled by foreign-imposed "financial sanctions" for their new enterprise. Sadly, foreign-imposed policies brutally shattered their dreams.



## 12. THE TRAIN THAT NEVER LEAVES

I used to play tennis a couple of times a week at the Russian embassy in Pyongyang before going to work, together with the young deputy head of the representative office of the Russian Railways. It was a time when South Koreans, North Koreans and Russians were upbeat on a promising opportunity to boost trade among them, and with Europe, thanks to better and cost-effective logistics they wanted to build. Their big dream was to set up a Trans-Korea Railway linked to the Trans-Siberia Railway and to the Trans-China railway. My Russian friend knew that I had been negotiating joint venture contracts with North Koreans and asked me for joint venture contract templates and advice on how to negotiate a deal with them, which I gladly did. Yet, geopolitics causing new tensions completely shattered their dream.





When I visited the Dorason train station in South Korea, which was “the first station to the North, not the last station from the South,” according to its big electronic display, I explained to my daughter that “this is a station where trains never leave.” I hope to be proved wrong.





*No trains cross the DMZ, while fewer and fewer trains cross the Chinese border due to trade sanctions. And once the 2017 economic embargo starts fully biting, this train factory won't be able to import components and spare parts needed to build new and maintain older trains any longer. Even trains inside North Korea will come to a halt.*

Sadly, there is not much hope for trade, cooperation and diplomacy at present. The current U.S. president has adopted a simple binary policy: “You, North Korea, must do what we want or we will destroy you. And we will hurt everybody doing business with you.”

Instead of giving trains with goods and people a chance of running freely across the Korean peninsula, foreign [nuclear bombers](#) are now flying in the Korean skies and warships are cruising close to its shores. That's not something the Korean people and the rest of the world deserve.

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